

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of Zeeland	County Ottawa
Fiscal Year End 6-30-07	Opinion Date 11-08-07	Date Audit Report Submitted to State 11-20-07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES

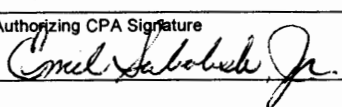
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	Single Audit Report	
Certified Public Accountant (Firm Name) Kiekoover, Scholma & Shumaker, PC		Telephone Number 616-772-4615	
Street Address 205 East Main Street		City Zeeland	State MI
		Zip 49464	
Authorizing CPA Signature 		Printed Name Emil Sabolish, Jr.	
		License Number 9304	



City of Zeeland, Michigan

Comprehensive Annual Financial Report

For The Year Ended June 30, 2007

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
CITY OF ZEELAND, MICHIGAN
For the Fiscal Year Ended June 30, 2007

CITY COUNCIL

Lester Hoogland – Mayor

Sally Gruppen

Kevin Klynstra

Allen Dannenberg

Jim Broersma

Richard VanDorp III

Sheri Holstege

PREPARED BY
CITY OF ZEELAND FINANCE DEPARTMENT

City of Zeeland, Michigan
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2007

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	I
GFOA Certificate of Achievement	IX
Organizational Chart	X
List of Elected and Appointed Officials	XI
FINANCIAL SECTION	
Independent Auditor's Report	XII
Management's Discussion and Analysis	XIII
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Governmental Fund Financial Statements	
Balance Sheet	4
Statement of Revenue, Expenditures and Changes in Fund Balances	5
Reconciliation of the Statement of Revenue, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6
Proprietary Fund Financial Statements	
Statement of Net Assets	7
Statement of Revenue, Expenses and Changes in Net Assets	8
Statement of Cash Flows	9
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	10
Statement of Changes in Fiduciary Net Assets	11
Notes to Financial Statements	12

City of Zeeland, Michigan
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2007

TABLE OF CONTENTS

	Page
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	29
Budgetary Comparison Schedule – Major Street Fund	31
Budgetary Comparison Schedule – Local Street Fund.....	32
Note to Required Supplementary Information	33
Supplementary Data	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	34
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	36
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
Parking System Special Revenue Fund	38
CDBG Grant Special Revenue Fund	39
Brownfield Development Authority Special Revenue Fund	40
Community Center Special Revenue Fund.....	41
Library Special Revenue Fund.....	42
Legal Contingency Special Revenue Fund	43
Shopping Area Redevelopment Board Special Revenue Fund	44
1993 M.T.F. Act 175 Debt Service Fund.....	45
1998 Building Authority G.O. Debt Debt Service Fund.....	46
Library Debt Debt Service Fund	47
Combining Statement of Net Assets – Internal Service Funds	48
Combining Statement of Revenues, Expenses and Changes in Net Assets - Internal Service Funds.....	49
Combining Statement of Cash Flows – Internal Service Funds	50
Combining Statement of Assets and Liabilities – Agency Funds	51
Combining Statement of Changes in Assets and Liabilities – Agency Funds	52

City of Zeeland, Michigan
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2007

TABLE OF CONTENTS

	Page
STATISTICAL SECTION	
<u>Table</u>	
1 Net Assets by Component.....	53
2 Changes in Net Assets.....	54
3 Governmental Activities Tax Revenue by Source.....	56
4 Fund Balances of Governmental Funds.....	57
5 Changes in Fund Balance of Governmental Funds.....	59
6 State Equalized Value and Estimated Actual Value of Taxable Property – Ad Valorem Roll.....	61
7 State Equalized Value and Estimated Actual Value of Taxable Property – Industrial Facilities Tax Roll.....	63
8 Property Tax Rates – Direct and Overlapping Governments.....	65
9 Profile of Ten Largest Property Tax Payers.....	66
10 Property Tax Levies and Collections.....	67
11 Profile of Ten Largest Electric Customers.....	68
12 Electric Usage and Collections.....	69
13 Ratios of Outstanding Debt by Type.....	70
14 Ratios of General Bonded Debt Outstanding.....	72
15 Direct and Overlapping Governmental Activities Debt.....	73
16 Legal Debt Margin Information.....	74
17 Pledged Revenue Coverage – Electric Utility.....	76
18 Pledged Revenue Coverage – Water Utility.....	77
19 Pledged Revenue Coverage – Clean Water Utility.....	78
20 Demographic Statistics.....	79
21 Principal Employers.....	80
22 City Government Employees by Function.....	81
23 Operating Indicators by Function.....	82
24 Capital Asset Statistics by Function.....	84

INTRODUCTORY SECTION

City of Zeeland

21 South Elm Street
Zeeland, Michigan 49464

(616) 772-0871
FAX (616) 772-0891

November 9, 2007

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Zeeland:

The City Charter and State law require that the City publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Zeeland for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the City of Zeeland. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Zeeland has established a comprehensive internal control framework that is designed both to protect the city's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Zeeland's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Zeeland's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Zeeland's financial statements have been audited by Kiekover, Scholma & Shumaker, PC, an independent firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Zeeland for the fiscal year ended June 30, 2007 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Zeeland's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. An unqualified opinion is the best opinion that an organization can receive on its financial statements. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and an analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Zeeland's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Zeeland, incorporated in 1907, is located in western Michigan, approximately 25 miles west of Grand Rapids. The population of Zeeland is 5,805 within the city's three square miles. Many more persons reside in numerous new housing developments surrounding the city, and the city is an employment center with many world-class manufacturing facilities within its borders. The strong work ethic is evident in the quality work force in the area, and pride is apparent in the upkeep of homes and businesses. The city is empowered to levy a property tax on both real and personal property located within its boundaries.

The city operates under a Council-Manager form of government. Policy-making and legislative authority are vested in the City Council, which consists of a mayor and six-member council. The City Council is responsible, among other things, for setting policies, approving ordinances, adopting the budget, appointing committees and hiring the city manager. The city manager and department heads are responsible for carrying out the policies and ordinances of the governing council. The mayor and council members are elected at large. Council members are elected to four-year staggered terms with three council members elected every two years. The mayor is elected every two years to a two year term.

The City of Zeeland provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; recreational activities and cultural events; public improvements; planning; zoning and general administrative services. The Board of Public Works, which entails the Electric Utility Fund and Water Utility Fund is not a legally separate component unit, but is reported separately from governmental activities. These business-type activities are reported separately because they rely to a significant extent on fees and charges for support, whereas the governmental activities are normally supported by taxes and intergovernmental revenues. The City Council appoints its five member board and approves rates for user charges, their budget and any bond issuance authorizations. The legal liability for any general bonded debt remains with the city. The Electric Utility and Water Utility Funds are presented as a proprietary fund type. The Clean Water Utility Fund is directly controlled by the City Council and does not fall under the Board of Public Works. It is also reported as a proprietary fund type and combined under business-type activities. The Zeeland Building Authority is a blended component unit. Although a legally separate entity, it is in substance part of the City's operations and is included as an integral part of the City of Zeeland's financial statements.

The City maintains budgetary controls. An annual budget is adopted in accordance with the legal requirements set forth in the Uniform Budgeting Act, State of Michigan P.A. 621 of 1978 as well as the City Charter. The annual budget serves as the foundation for the City of Zeeland's financial planning and control. All departments of the City of Zeeland are required to submit requests for appropriations to the city manager. These requests form the basis for the development of a proposed budget. On or before March 31, the proposed budget is presented by the city manager to the City Council for review. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than their first regular meeting in May. The budget is prepared by fund, function, activity (i.e. assessor, police patrol) and line item level. The budget is appropriated at the activity level. Expenditures may not legally exceed budget appropriations at the activity level within the fund, department and activity. Department heads may adjust line items within the activity; however, only the City Council has the authority to amend the total activity budget. Transfers of appropriations between activities require approval of the City Council. Unexpended amounts lapse at year end; however, funding for committed capital projects is generally reappropriated as part of the following year's budget. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. The General Fund, Major Street Fund, and Local Street Fund can be found on pages 29-32 as part of the required supplementary information for the governmental funds. For other governmental funds this comparison can be found on pages 38-47.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Zeeland operates.

Local Economy. The city is an industrial and commercial oriented community serving as a principal business, marketing and cultural center for the surrounding suburban and agricultural area. Industrial and commercial valuations comprise 50% of the city's ad valorem tax base of \$272,913,800. Additional tax base is provided from the industrial facilities tax on property valued at \$289,419,800 and levied at one-half the regular property tax rate.

Zeeland's industrial composition is well diversified, with some 60 industries located within the corporate limits employing in excess of 11,000 persons. Included are such well-known corporations as Herman Miller, Inc., an international leader in the manufacturing of office systems furniture; Howard Miller Clock Company, one of the largest producers of grandfather clocks in the world; Gentex Corporation, a manufacturer of transportation equipment for the auto and aerospace industry; Mead Johnson (Bristol-Myers), a large producer of nutritional infant formula; ODL, a maker of door glass and skylights; Vertellus Chemicals, a large manufacturer of chemicals, and Zeeland Power Company, an electric generating plant with a 540-megawatt combined cycle turbine facility.

Unemployment in the area is 5.1% while the State of Michigan overall is at 6.6% (May 2007, not seasonally adjusted). While the State of Michigan is challenged by an ailing economy, Ottawa County and particularly the City of Zeeland is experiencing significant new investments and growth in employment in its largest economic sector—manufacturing. Two of the three largest

manufacturing employers in Ottawa County are located in the City. Also contributing to the economy of the area are large employers such as Zeeland Community Hospital, Haven Park Christian Housing and Nursing, and Zeeland Public and Zeeland Christian Schools.

Long-Term Financial Planning. The City's long-term financial health remains strong. The undesignated fund balance in the general fund (42% of general fund expenditures) is above the City's targeted level of 25%. This healthy fund balance is particularly noteworthy given many cities and villages throughout the State of Michigan continue to struggle along with the State's economy. Continuing into fiscal year 2007-08, the general fund budget is balanced without using fund balance and without increasing the tax rate. The City's tax rate continues to be lower than fourteen out of sixteen similar sized communities surveyed in the West Michigan area.

While the economy of the City remains strong, the City has made a focused effort to actively market the City as a great place to live and do business. Next year's budget reflects hiring a full-time City Marketing Coordinator, and financing marketing activities city-wide and in the central business district.

Relevant Financial Policies. The City continues to set a goal of maintaining a minimum General Fund balance of 25% of operating expenditures, including transfers to other funds. This healthy level is a means of preparing for any unforeseen economic downturns. For the foreseeable future, the City will be able to maintain its targeted 25% fund balance within the General Fund.

The City aggressively and successfully seeks Federal, State and local grant funding for infrastructure projects to enhance the public's health and safety, provide culture and recreation, and grow and diversify manufacturing opportunities.

In 2004, the Governmental Accounting Standards Board (GASB) issued Statement 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions," that requires public agencies to report their costs and obligations pertaining to health and other benefits of current and future retired employees and to recognize these as a current cost during the working years of an employee. The effective date for the City to implement GASB 45 is fiscal year 2008-09 and the City will be in compliance. In conjunction with the reporting requirement, the City plans to fund some or all of the actuarially determined Annual Required Contribution (ARC).

Major Initiatives. The City continues to pursue goals that were established in its visioning process in the spring of 2006. Great strides have been made in accomplishing a number of the specific tasks that were listed in the 2006 Vision document. Therefore, the City will reevaluate the vision during the early part of 2008 as we continue to look beyond single year goals for the City.

One of the ongoing initiatives of the City is the implementation of a new marketing strategy for the City. With the assistance of a new full-time Marketing Coordinator, a marketing consultant, and a City Marketing committee, the City developed a new logo and tagline. This marketing strategy will be widely unveiled in the fall of 2007.

Downtown revitalization continues to be an ongoing focus for the City. With the assistance of the new Marketing Coordinator, merchants have actively been engaged in promotions, economic restructuring and recruitment. The City is actively working to recruit a new style of restaurant to its downtown as well as complimentary retail stores. A number of promotional events have been held downtown already with many more in the planning stages. Other initiatives include the adoption of a Commercial Rehabilitation Program, the consideration of allowing outdoor alcohol sales at sidewalk cafes, and further encouragement to convert downtown's upper stories into livable apartment space.

The City will continue to invest in infrastructure upgrades throughout the City. Major street projects include the complete reconstruction of West Main Street in calendar year 2008. This is the main east/west artery into downtown Zeeland. The project will include completely replacing the underground utilities as well as the installation of historic street lights. Planning is underway for major improvements to the Clean Water Plant and administrative facilities starting in fiscal year 2008-09. These improvements will include mechanical upgrades and site improvements.

An organizational structure issue that the City will continue to implement is a plan to merge the Fire Department and the Emergency Services Department. This has been a plan in the works for many years and City Council took a historic vote early in 2007 to merge the two departments. A subcommittee has since been formed to work on details for wages, organizational structure, and service levels. It is expected that the two departments will operate as one starting with the 2008-2009 budget year.

Cash Management Policies and Practices. The City of Zeeland's policy is to invest its funds in a manner that will provide the highest investment return with the maximum security, while meeting the daily cash flow needs of the City and complying with all state statutes governing the investment of public funds. Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S Treasury and government agency obligations. The maturity of most investments was 5 years or less. Investment income includes appreciation or depreciation in the fair value of investments during the year. These increases or decreases in fair value during the current year, however, do not necessarily represent trends that will continue, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

The average yield on the City's investments for the year ended June 30, 2007 amounted to 6.4% (5.3% before any adjustment for changes in fair value). The average yield for the City's defined benefit pension trust was 11.2%. The pension trust outperforms the City's investments due to differences in investment regulations. Under Public Act 20 of the Michigan Compiled Laws, cities may only invest in certificates of deposit, commercial paper of investment grade and government agencies pools and obligations while the pension trusts may invest in a wider variety of investments including stocks and bonds as well as government agencies obligations.

Risk Management. The city carries full multi-peril insurance coverage underwritten by the Michigan Municipal League Liability and Property Pool. Insurance coverage includes comprehensive general liability, bodily injury and property damage, limited liability public official's errors and omissions, and comprehensive automobile. The city is fully insured for workers compensation claims by coverage underwritten by the Michigan Municipal Workers

Compensation Fund. In addition, the Electric Utility and Water Utility Funds carry commercial insurance coverage for general liability and property loss. Risk control techniques include the use of third party claims review and investigation, third party loss control services, and employee education and training programs.

The City accounts for its health care self insurance program in an Internal Service Fund and charges out to other funds their respective share of health care self insurance costs. To protect against the financial effects of a catastrophic loss, reinsurance for the self-insured health care risk is purchased to limit City liability to \$30,000 per person per year. As with the coverage above, risk control techniques include the use of third party claims review and investigation, third party loss control services, and employee education and training programs. In addition, the City is instituting an employee wellness program beginning calendar year 2008. This program will also include third party review and administration.

The City's short-term disability risk is fully self-insured and self-administered. Long-term disability is purchased and administered by a third party.

Additional information on the City of Zeeland's risk-management activity can be found in Note 4A of the notes to financial statements.

Pension and Other Post-Employment Benefits. The city maintains two pension plans. The defined contribution plan was established July 1, 2000 and covers eligible employees hired after July 1, 2000 and employees hired prior to July 1, 2000 who elected to have their balances transferred from the city's defined benefit plan. The city contributes 8% of covered compensation for participants who were employed by the city before July 1, 2000 and 6% of covered compensation for participants employed after July 1, 2000. The city contributions to the plan were \$170,464 for the fiscal year.

The defined benefit pension plan is a single-employer plan administered by the city. Each year, an independent actuary calculates the amount of the annual contribution that the City of Zeeland must make to the defined benefit plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, each year the city fully funds each year's contribution as determined by the actuary. The city contributions to the plan were \$224,877 and employees contributed \$4,251.

The City of Zeeland also provides postretirement health care benefits for retirees and their spouses. From retirement age to the age of 62, the retiree pays 100% of the health care costs for the spouse. The retiree and the spouse are included in City's self-funded insurance plan including prescription coverage. From the age of 62 to 65 the City pays 100% of the retirees' portion and 50% of the spouses. At age 65 the retiree is not eligible for inclusion in the City's health insurance plan, but the City will pay 100% of the retiree's insurance premium and 50% for the spouse. GAAP currently does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these costs.

Additional information on the City of Zeeland's pension arrangements and postemployment benefits can be found in Notes 4C-E of the notes to financial statements.

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Zeeland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of State and local government financial reports.

In order to be awarded a Certificate of Achievement, the city published an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. The City of Zeeland has achieved a Certificate of Achievement for the last nineteen consecutive years. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

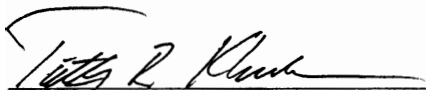
2007 Community Service Award. The City of Zeeland Board of Public Works (BPW) was honored as one of three recipients in the nation of the American Public Power Association's 2007 Community Service Award. This award is given to local municipal electric utilities that have achieved or sustained performance showing commitment by the utility and its employees to enhancing the quality of life in the community through activities that: 1) address a community need or improve the community's social, cultural, educational, or economic environment; and 2) provide an opportunity for employee involvement. Highlighted BPW "good neighbor" activities included:

- (1) Holiday lighting promotion and the BPW *Power Dollars* program
- (2) *Tree Power* and other tree planting efforts
- (3) Annual community project participation and contributions
- (4) Youth and school involvement and partnerships
- (5) Economic development activities
- (6) Energy conservation awareness and education
- (7) Distribution system underground installations

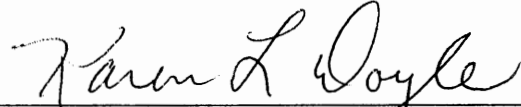
National Night Out Award. The National Association of Town Watch (NATW) selected the City of Zeeland Police Department as a National Award Winner for its outstanding participation in the 24th Annual National Night Out (NNO) crime, drug and violence prevention program. This year's event was the largest ever—involving 35.4 million people in 11,310 communities from all 50 states, U.S. territories and military bases worldwide.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would also like to express our appreciation to all the employees of the city who assisted and contributed to this report. Credit must also be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Zeeland's finances.

Respectfully submitted,



Timothy R. Klunder
City Manager



Karen L. Doyle
Assistant City Manager/Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Zeeland
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

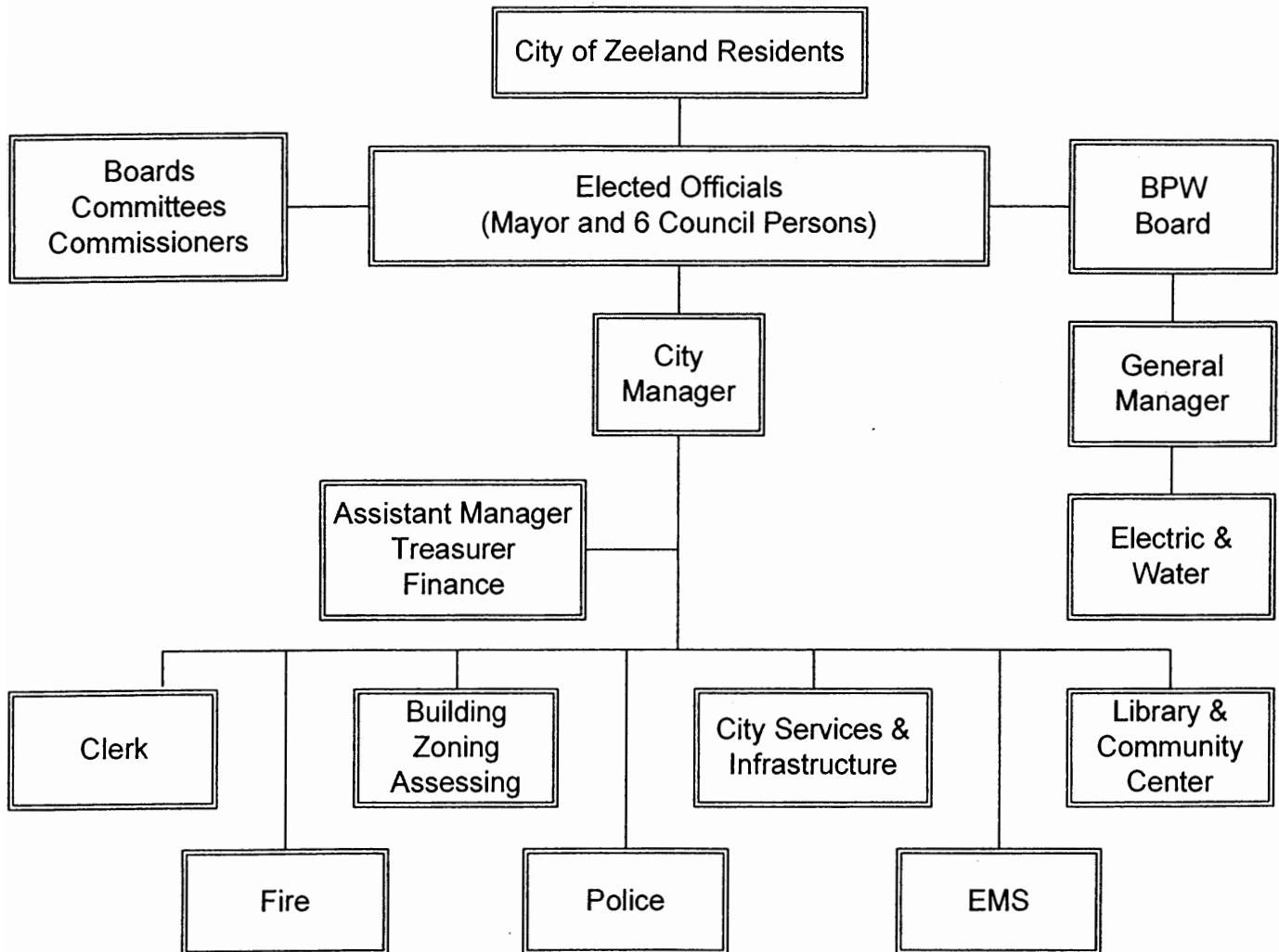
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

City of Zeeland, Michigan Organizational Chart



City of Zeeland, Michigan
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2007

CITY COUNCIL

Mayor
Mayor Pro Tem
Councilman
Councilman
Councilman
Councilman
Councilwoman

Lester Hoogland
Sally Gruppen
Kevin Klynstra
Allen Dannenberg
Jim Broersma
Richard VanDorp III
Sheri Holstege

ADMINISTRATION

City Manager
Board of Public Works General Manager
Finance Director
City Assessor/Building Official
City Attorney
City Clerk
Emergency Services Director
Fire Chief
Police Chief
Library and Community Services Director

Timothy R. Klunder
David Walters
Karen L. Doyle
Arthur D. Grimes
James Donkersloot
Nancy Tuls
Ted Vanden Brink
William Gruppen
William Olney
Dennis Martin

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

November 8, 2007

Honorable Mayor and
Members of City Council
City of Zeeland, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Zeeland, Michigan, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Zeeland Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Zeeland, Michigan, as of June 30, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2007, on our consideration of the City of Zeeland's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages XIII through XXIII and 29 through 33, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the management's discussion and analysis information. However, we did not audit the information and express no opinion on it. The budgetary comparison information has been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, is fairly stated in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Zeeland, Michigan basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kiekover, Scholma & Shumaker, PC

Management's Discussion and Analysis

As management of the City of Zeeland, Michigan, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages I-VII of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$96,048,305 (*net assets*). Of this amount, \$36,693,820 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$7,961,523. This increase was due in part to conservative budgetary policies. In the governmental activities, overall program revenue was comparable to the prior year although building permit revenue increased by \$15,038. This is a 30 percent increase over the prior year and remarkable because the City is bucking the economic trend prevalent elsewhere in Michigan. General revenues increased due to higher interest earnings and property tax revenue. Expenses were less than revenues by \$1,276,442. In the business-type activities charges for services decreased by \$1,558,688 and expenses were less than revenues by \$6,685,081.
- As of the close of the current fiscal year, the City of Zeeland's governmental funds reported combined ending fund balances of \$5,621,247, a decrease of \$1,336,817 in comparison with the prior year. Most funds increased fund balance however the City Building Fund decreased \$1,755,075 due to construction of a new street maintenance facility. Approximately 81% of the fund balance, \$4,565,211 is *available for spending* at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$2,326,289 or 42% of total general fund expenditures and transfers out.
- The City's total debt decreased by \$1,265,000 (7.0%) during the current fiscal year to a total of \$16,935,000. No new debt was incurred.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Zeeland is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued interest payable).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community and economic development, and recreation and culture. The business-type activities of the City include electric, water and clean water operations.

The government-wide financial statements can be found on pages 1-3 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, reconciliations are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eighteen (18) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Major Streets, Local Streets, and City Building Funds. Each of these funds is considered to be a major fund. The City of Zeeland has fourteen (14) nonmajor funds. These include seven (7) special revenue funds, three (3) debt service funds, three (3) capital projects funds and one (1) permanent fund. The permanent fund is used to record the activity of the Cemetery Trust. Data from the fourteen nonmajor governmental funds are combined into a single aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General, Major Streets and Local Streets Funds. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 4-6 of this report.

Proprietary funds. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its electric, water and clean water operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its vehicle and equipment maintenance activities, building maintenance activities and health-care self-insurance. Because these services predominantly benefit governmental rather than business-type functions, the assets and liabilities of the internal service funds have been included within *governmental activities* in the government-wide statement of net assets.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water, and Clean Water Utility Funds, all of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 7-9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds. The City accounts for two types of fiduciary funds – pension trust funds and agency funds.

The City of Zeeland's pension trust fund accounts for the activities of the City's defined benefit pension plan for eligible employees. In addition, the City maintains three agency funds to account for tax collections and related payments, employee Section 125 benefits, as well as refundable customer deposits.

The basic fiduciary fund financial statements can be found on pages 10-11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-28 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting the City of Zeeland's budgetary comparison schedules for its General Fund and major special revenue funds (Major Street Fund and Local Street Fund). Required supplementary information can be found on pages 29-33 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds, internal service funds, and agency funds are presented immediately following the required supplementary information. Combining statements and individual nonmajor governmental fund budgetary comparison schedules can be found on pages 34-52 of this report.

Immediately following the combining statements is a statistical section which provides certain information pertaining to general government revenues, expenditures, tax revenues and collections, demographics and other statistical data.

Government-wide Financial Analysis

Net Assets - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Zeeland, assets exceeded liabilities by \$96,048,305 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (59%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Zeeland's Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 8,728,062	\$ 9,605,102	\$ 34,036,604	\$ 28,958,155	\$ 42,764,666	\$ 38,563,257
Capital assets	22,884,067	20,815,849	50,788,589	50,140,065	73,672,656	70,955,914
Total assets	31,612,129	30,420,951	84,825,193	79,098,220	116,437,322	109,519,171
Long-term debt outstanding	4,450,000	4,775,000	12,485,000	13,425,000	16,935,000	18,200,000
Other liabilities	860,962	621,226	2,593,055	2,611,163	3,454,017	3,232,389
Total liabilities	5,310,962	5,396,226	15,078,055	16,036,163	20,389,017	21,432,389
Net assets:						
Invested in capital assets,						
net of related debt	18,434,067	17,811,055	38,303,589	36,715,065	56,737,656	54,526,120
Restricted	1,049,329	1,019,607	1,567,500	1,567,500	2,616,829	2,587,107
Unrestricted	6,817,771	6,194,063	29,876,049	24,779,492	36,693,820	30,973,555
Total net assets	\$ 26,301,167	\$ 25,024,725	\$ 69,747,138	\$ 63,062,057	\$ 96,048,305	\$ 88,086,782

An additional portion of the City's net assets (2.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (38.3%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Change in Net Assets - The City of Zeeland's net assets increased by \$7,961,523 during the current fiscal year. 16% of this increase is related to the governmental activities. The other 84% is associated with the business-type activities.

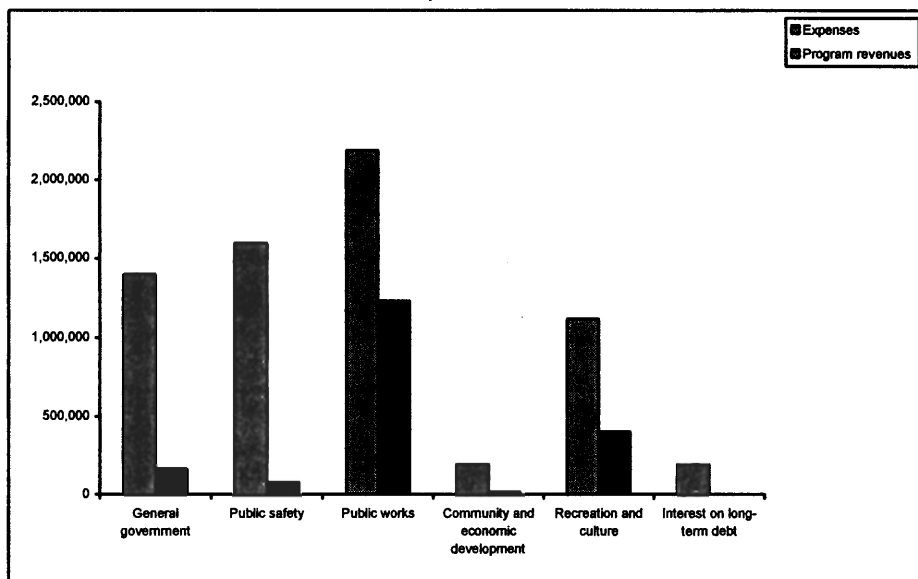
City of Zeeland's Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Program revenues						
Charges for services	\$ 352,432	\$ 362,026	\$ 23,454,495	\$ 25,013,183	\$ 23,806,927	\$ 25,375,209
Operating grants and contributions	747,704	706,947	-	-	747,704	706,947
Capital grants and contributions	794,026	835,413	369,125	287,971	1,163,151	1,123,384
General revenues						
Property taxes	4,504,467	4,387,708	-	-	4,504,467	4,387,708
State shared revenues	549,155	563,245	-	-	549,155	563,245
Interest	530,023	278,159	1,504,509	589,708	2,034,532	867,867
Gain on sale of capital assets	29,790	322,829	28,614	43,440	58,404	366,269
Other	49,821	22,249	101,758	60,062	151,579	82,311
Total revenues	<u>7,557,418</u>	<u>7,478,576</u>	<u>25,458,501</u>	<u>25,994,364</u>	<u>33,015,919</u>	<u>33,472,940</u>
Program expenses						
General government	1,397,008	1,551,802	-	-	1,397,008	1,551,802
Public safety	1,590,617	1,566,566	-	-	1,590,617	1,566,566
Public works	2,187,110	1,757,575	-	-	2,187,110	1,757,575
Community and economic development	190,998	87,883	-	-	190,998	87,883
Recreation and culture	1,119,817	1,156,064	-	-	1,119,817	1,156,064
Interest on long-term debt	190,276	149,395	-	-	190,276	149,395
Electric	-	-	14,486,594	17,218,625	14,486,594	17,218,625
Water	-	-	2,689,487	2,622,554	2,689,487	2,622,554
Clean water	-	-	1,249,739	1,235,589	1,249,739	1,235,589
Total expenses	<u>6,675,826</u>	<u>6,269,285</u>	<u>18,425,820</u>	<u>21,076,768</u>	<u>25,101,646</u>	<u>27,346,053</u>
Change before contributions and transfers	881,592	1,209,291	7,032,681	4,917,596	7,914,273	6,126,887
Contributions to permanent funds	47,250	32,790	-	-	47,250	32,790
Transfers in (out)	<u>347,600</u>	<u>344,500</u>	<u>(347,600)</u>	<u>(344,500)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>\$ 1,276,442</u>	<u>\$ 1,586,581</u>	<u>\$ 6,685,081</u>	<u>\$ 4,573,096</u>	<u>\$ 7,961,523</u>	<u>\$ 6,159,677</u>

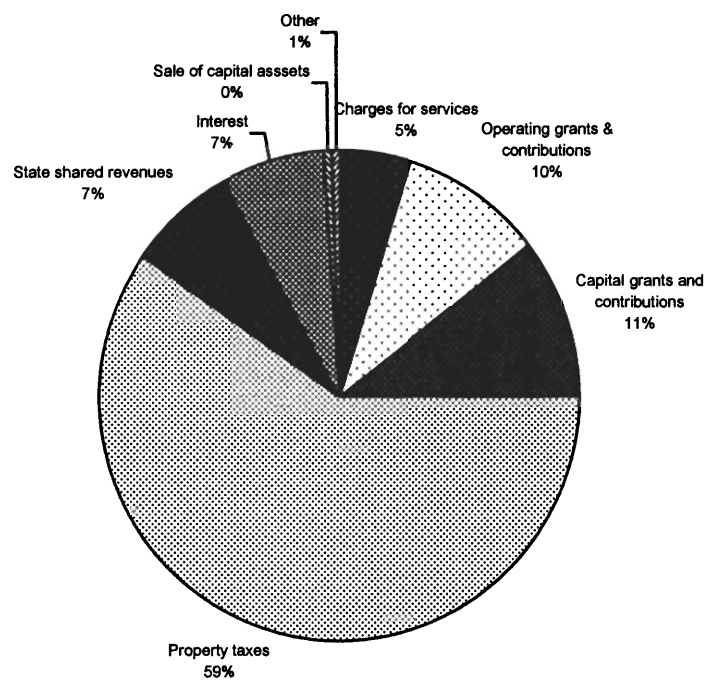
Governmental activities. Governmental activities increased the City's net assets by \$1,276,442, accounting for 16% of the total growth in the net assets of the City. Key elements of this increase are as follows:

- Property tax revenue increased by \$116,759 (2.6%) from the prior year.
- Interest earnings increased by \$251,864 (90.5%) due to increased yields on investments as well as gains in fair-market value.

Expenses and Program Revenues – Governmental Activities



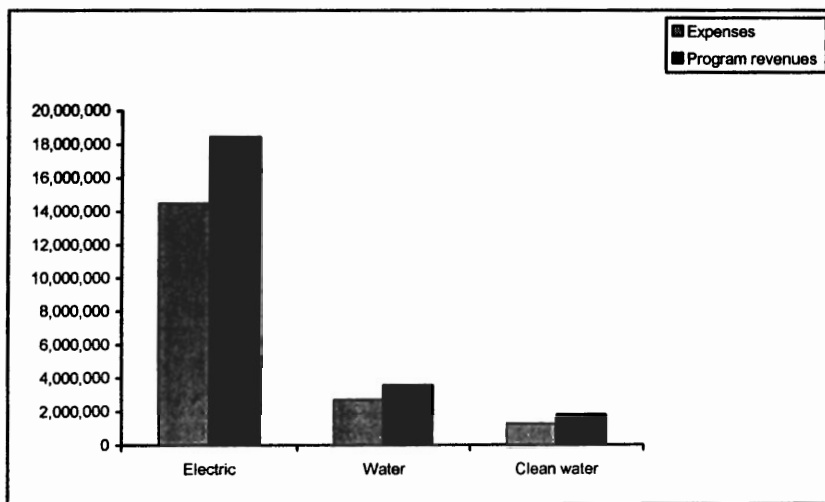
Revenues by Source – Governmental Activities



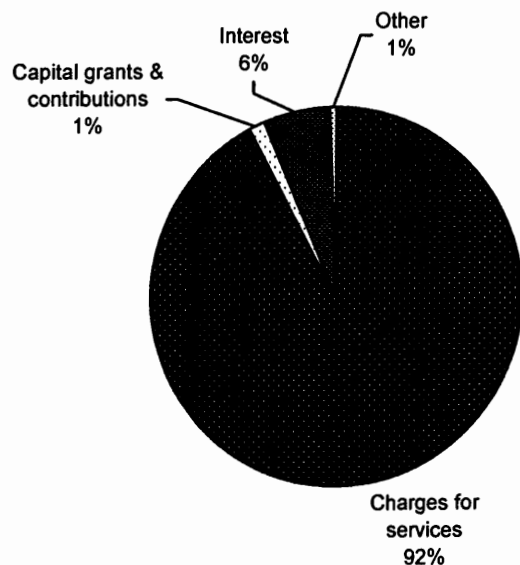
Business-type activities. Business-type activities increased the City of Zeeland's net assets by \$6,685,081, accounting for 84% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Interest revenue increased \$914,801 due to an increase in fair-market value of City investments, increased yields in interest rate, as well as greater total dollars available for investment purposes.
- Water usage charges increased \$104,905 due to an increase in gallons sold of approximately 11,000,000 gallons plus a 3.5% increase (from \$1.40/CCF to \$1.45/CCF) in the commodity rate.
- Sewage disposal charges increased \$105,318 due to an increase in treated sewage of approximately 10,000,000 gallons coupled with a 3% rate increase (from \$2.52/CCF to \$2.60/CCF) in the commodity charge.

Expenses and Program Revenues-Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,621,247, a decrease of \$1,336,817 from the prior year. Approximately 81% of this amount (\$4,565,211) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) for prepaid items that will be used in the following year (\$6,707), (2) to purposes related to the library (\$66,497), (3) to pay debt service (\$78,752), and (4) for the maintenance of the City of Zeeland's cemetery (\$726,578 non-expendable and \$177,502 expendable).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year unreserved fund balance of the General Fund was \$2,326,289, while total fund balance was \$2,332,701. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance (\$2,326,289) represents 41.8% of total General Fund expenditures and transfers out (\$5,570,752).

The fund balance of the City's General Fund increased by \$100,753 during the current fiscal year compared to an increase of \$411,891 in the prior year. Key factors to this increase are:

- Tax revenues increased by \$134,561 or 3.2%
- Licenses and permits increased by \$22,426 or 24.4%
- State shared revenues decreased by \$15,700 or 2.9%
- Interest and rents increased by \$54,855 or 34.8%
- Expenditures, excluding debt service, increased by \$99,850 or 3.0%
- Debt service increased from zero to \$175,235 from the 2006 capital improvement bonds sold to finance the street maintenance facility.
- The City continues to aggressively improve its street and public places. Transfers out to other funds increased by \$267,000 or 15.5% over the prior year for a total of \$1,995,000.

The Major Street Fund has a total fund balance of \$235,767, a decrease of \$112,367 during the year. Net transfers in from the General Fund decreased by \$605,000 from the prior year for a total of \$170,000.

The Local Street Fund has a total fund balance of \$612,851, an increase of \$435,194 during the year. Net transfers in from the General Fund increased by \$905,000 from the prior year for a total of \$1,140,000.

The City Building Fund has a total fund balance of \$461,436, a decrease of \$1,755,075 during the year reflecting the capital outlay to construct a new street maintenance facility.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements (business-type activities), but in more detail.

Unrestricted net assets of the Electric, Water and Clean Water Utility Funds at the end of the year amounted to \$20,254,138, \$3,976,840 and \$5,188,664, respectively. Increases in the Electric, Water, and Clean Water Utility Funds net assets during the current year were \$4,660,206, \$1,098,233 and \$803,221, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year there was a \$75,360 increase in appropriations between the original and final amended budgets. While several activity budgets were amended to take into account events during the year, the most significant was an \$80,000 appropriation to the economic development activity to finance the purchase and demolition of several derelict buildings. City operational departments stayed below budget overall, resulting in total expenditures \$194,253 below the final budget.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2007 amounted to \$73,672,656 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, and street and sidewalks. The total increase in the City's investment in capital assets for the current fiscal year was \$2,068,218 (9.9%) for governmental activities and \$648,524 (1.3%) for business-type activities.

Major capital asset events during the current fiscal year included the following:

- \$1,823,331 expended for construction of street maintenance facilities
- \$1,707,457 expended for street, sidewalk and bike-path improvement projects
- \$80,676 expended for Veteran's Memorial
- \$2,936,000 additions to Electric, Water, and Clean water systems (includes \$523,203 for electric plant building and warehouse improvements).

Additional information on the City's capital assets can be found in note 3C on pages 21-22 of this report.

City of Zeeland's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 1,342,815	\$ 1,342,815	\$ 1,382,369	\$ 1,196,413	\$ 2,725,184	\$ 2,539,228
Construction in progress	2,960,697	674,910	1,372,045	1,251,604	4,332,742	1,926,514
Land improvements	426,884	430,778	219,408	260,659	646,292	691,437
Buildings and improvements	6,413,530	6,694,423	3,096,089	3,086,278	9,509,619	9,780,701
Systems	-	-	44,320,521	44,006,132	44,320,521	44,006,132
Machinery, equipment, vehicles	1,893,982	1,839,410	398,157	338,979	2,292,139	2,178,389
Infrastructure	9,846,159	9,833,513	-	-	9,846,159	9,833,513
Total	<u>\$ 22,884,067</u>	<u>\$ 20,815,849</u>	<u>\$ 50,788,589</u>	<u>\$ 50,140,065</u>	<u>\$ 73,672,656</u>	<u>\$ 70,955,914</u>

Long-term debt. At the end of the current fiscal year, the City had total installment debt outstanding of \$16,935,000. Of this amount, \$4,450,000 comprises debt backed by the full faith and credit of the government (including \$40,000 of Michigan Transportation Bonds). The remainder of the City's debt represents bonds secured by specified revenue sources.

City of Zeeland's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 4,410,000	\$ 4,695,000	\$ -	\$ -	\$ 4,410,000	\$ 4,695,000
Michigan transportation bonds	40,000	80,000	-	-	40,000	80,000
Revenue bonds	-	-	12,485,000	13,425,000	12,485,000	13,425,000
Total	\$ 4,450,000	\$ 4,775,000	\$ 12,485,000	\$ 13,425,000	\$ 16,935,000	\$ 18,200,000

General obligation debt decreased by a net amount of \$325,000 while revenue bond debt decreased by a net amount of \$940,000 during the current year. This was a result of the City making its required scheduled debt payments and incurring no new debt. The City maintains an "A" rating from Standard & Poor's for its general obligation debt while the revenue bonds of the Board of Public Works have been rated "A-" by Standard & Poor's.

State statutes limit the amount of general obligation debt the City may issue to 10 percent of the state equalized value of taxable property in the City. The current debt limitation for the City is \$51,889,668, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3E on pages 24-25 of this report.

Economic Factors and Next Year's Budgets and Rates

- Unemployment in the area is 5.1% while the State of Michigan overall is at 6.6% (May 2007, not seasonally adjusted). It is important to note that the economy in Zeeland is continuing to grow in employment due to world-wide demand for the diverse products manufactured here. Two of Ottawa County's three largest manufacturing employers are within the City and the City's largest five employers manufacture product in five separate sectors, namely transportation, furniture, glass, food, and specialty clocks. The City has experienced significant new investments in its largest economic sector-manufacturing, and more than double the City population is employed within its three square miles.
- While the economy of the City remains strong, the City has made a focused effort to actively market the City as a great place to live and do business. Next year's budget reflects hiring a City Marketing Coordinator and financing marketing activities, particularly in the central business district.
- Capital projects planned in next year's budgets total over \$5.6 million. Major projects include \$2.16 million in street improvements and \$1.79 million in electric utility improvements.

- Next year's general fund budget was balanced without using fund balance and without increasing the tax rate. The City's tax rate continues to be lower than fourteen out of sixteen similar sized communities surveyed in the West Michigan area.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Finance Director, 21 South Elm Street, Zeeland, MI 49464.

Basic Financial Statements

City of Zeeland, Michigan
STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and investments	\$ 8,598,339	\$23,166,455	\$ 31,764,794
Receivables:			
Accounts	55,101	2,619,666	2,674,767
Interest	33,634	106,800	140,434
Due from other governments	425,577	241,752	667,329
Internal balances	(456,407)	456,407	-
Inventories	-	364,735	364,735
Prepaid items	71,818	418,372	490,190
Deposits with MPPA	-	2,780,822	2,780,822
Deposits with MPIA	-	2,314,095	2,314,095
Restricted cash - revenue bond covenant accounts	-	1,567,500	1,567,500
Capital assets not being depreciated:			
Land	1,342,815	1,382,369	2,725,184
Construction in progress	2,960,697	1,372,045	4,332,742
Capital assets net of accumulated depreciation			
Land improvements	426,884	219,408	646,292
Buildings and improvements	6,413,530	3,096,089	9,509,619
Systems	-	44,320,521	44,320,521
Machinery and equipment	1,893,982	398,157	2,292,139
Infrastructure	9,846,159	-	9,846,159
 Total Assets	 <u>31,612,129</u>	 <u>84,825,193</u>	 <u>116,437,322</u>
LIABILITIES			
Accounts payable	779,308	2,433,312	3,212,620
Accrued payroll	37,879	35,107	72,986
Accrued interest payable	43,775	124,636	168,411
Noncurrent liabilities:			
Due within one year	335,000	980,000	1,315,000
Due in more than one year	4,115,000	11,505,000	15,620,000
 Total Liabilities	 <u>5,310,962</u>	 <u>15,078,055</u>	 <u>20,389,017</u>
NET ASSETS			
Invested in capital assets, net of related debt	18,434,067	38,303,589	56,737,656
Restricted for:			
Library	66,497	-	66,497
Debt service	78,752	1,567,500	1,646,252
Perpetual care-nonexpendable	726,578	-	726,578
Perpetual care-expendable	177,502	-	177,502
Unrestricted	6,817,771	29,876,049	36,693,820
 Total Net Assets	 <u>\$26,301,167</u>	 <u>\$69,747,138</u>	 <u>\$ 96,048,305</u>

See Notes to Financial Statements

City of Zeeland, Michigan
STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
Function/Programs:			Contributions	Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 1,397,008	\$ 161,359	\$ -	\$ -
Public safety	1,590,617	80,355	1,104	-
Public works	2,187,110	25,936	410,675	794,026
Community and economic development	190,998	18,918	-	-
Recreation and culture	1,119,817	65,864	335,925	-
Interest on long-term debt	190,276	-	-	-
Total Governmental Activities	6,675,826	352,432	747,704	794,026
Business-type activities:				
Electric	14,486,594	18,408,779	-	49,486
Water	2,689,487	3,350,163	-	214,785
Clean water	1,249,739	1,695,553	-	104,854
Total Business-type Activities	18,425,820	23,454,495	-	369,125
Total Primary Government	\$25,101,646	\$23,806,927	\$ 747,704	\$ 1,163,151

General revenues:
 Property taxes
 Unrestricted state shared revenues
 Interest
 Gain on sale of capital assets
 Other
 Contributions to permanent funds
 Transfers

Total General Revenues,
 Contributions and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

**Net (Expense) Revenue
and Changes in Net Assets**

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (1,235,649)	\$ -	\$ (1,235,649)
(1,509,158)	-	(1,509,158)
(956,473)	-	(956,473)
(172,080)	-	(172,080)
(718,028)	-	(718,028)
<u>(190,276)</u>	<u>-</u>	<u>(190,276)</u>
<u>(4,781,664)</u>	<u>-</u>	<u>(4,781,664)</u>
-	3,971,671	3,971,671
-	875,461	875,461
<u>-</u>	<u>550,668</u>	<u>550,668</u>
<u>-</u>	<u>5,397,800</u>	<u>5,397,800</u>
<u>(4,781,664)</u>	<u>5,397,800</u>	<u>616,136</u>
4,504,467	-	4,504,467
549,155	-	549,155
530,023	1,504,509	2,034,532
29,790	28,614	58,404
49,821	101,758	151,579
47,250	-	47,250
<u>347,600</u>	<u>(347,600)</u>	<u>-</u>
<u>6,058,106</u>	<u>1,287,281</u>	<u>7,345,387</u>
1,276,442	6,685,081	7,961,523
<u>25,024,725</u>	<u>63,062,057</u>	<u>88,086,782</u>
<u>\$26,301,167</u>	<u>\$69,747,138</u>	<u>\$ 96,048,305</u>

City of Zeeland, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General Fund	Major Street Fund	Local Street Fund	City Building Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 2,190,736	\$ 210,498	\$ 674,712	\$ 727,389	\$ 2,046,922	\$ 5,850,257
Receivables:						
Accounts	27,798	-	-	-	27,303	55,101
Interest	3,878	1,294	3,681	4,109	11,890	24,852
Due from other governments	179,735	45,995	16,714	-	183,133	425,577
Prepaid items	6,412	1,034	1,132	-	295	8,873
Total Assets	\$ 2,408,559	\$ 258,821	\$ 696,239	\$ 731,498	\$ 2,269,543	\$ 6,364,660
LIABILITIES						
Accounts payable	\$ 51,731	\$ 20,271	\$ 81,389	\$ 270,062	\$ 285,256	\$ 708,709
Accrued payroll	24,127	2,783	1,999	-	5,795	34,704
Total Liabilities	75,858	23,054	83,388	270,062	291,051	743,413
FUND BALANCES						
Reserved:						
Prepaid items	6,412	-	-	-	295	6,707
Library	-	-	-	-	66,497	66,497
Debt service	-	-	-	-	78,752	78,752
Perpetual care-nonexpendable	-	-	-	-	726,578	726,578
Perpetual care-expendable	-	-	-	-	177,502	177,502
Unreserved-reported in:						
General Fund	2,326,289	-	-	-	-	2,326,289
Special Revenue Funds	-	235,767	612,851	-	505,777	1,354,395
Debt Service Funds	-	-	-	-	5,806	5,806
Capital Projects Funds	-	-	-	461,436	417,285	878,721
Total Fund Balances	2,332,701	235,767	612,851	461,436	1,978,492	5,621,247
Total Liabilities and Fund Balances	\$ 2,408,559	\$ 258,821	\$ 696,239	\$ 731,498	\$ 2,269,543	

Amount reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

General capital assets	10,583,839
Infrastructure assets	10,612,705
Prepaid items	62,144
Interest accrued on outstanding bonds is not reported in the funds	(43,775)
Long term liabilities are not due and payable in the current period and are not reported in the funds	(4,450,000)
Internal Service Funds are included as part of governmental activities	3,915,007

Net Assets of Governmental Activities \$ 26,301,167

City of Zeeland, Michigan
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	General Fund	Major Street Fund	Local Street Fund	City Building Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$4,310,152	\$ -	\$ -	\$ -	\$ 194,315	\$4,504,467
Licenses and permits	114,302	-	-	-	-	114,302
Federal grants	-	-	-	-	381,070	381,070
State grants	-	-	-	-	32,096	32,096
State shared revenues	550,258	288,907	121,768	-	12,114	973,047
Local unit contributions	-	-	-	-	280,605	280,605
Charges for services	61,027	425	250	-	59,486	121,188
Fines and forfeitures	33,877	-	-	-	25,019	58,896
Interest and rent	212,581	19,707	29,222	68,256	150,940	480,706
Other	41,708	5,196	-	-	446,834	493,738
Total Revenues	<u>5,323,905</u>	<u>314,235</u>	<u>151,240</u>	<u>68,256</u>	<u>1,582,479</u>	<u>7,440,115</u>
Expenditures:						
Current:						
General government	1,281,453	-	-	-	1,815	1,283,268
Public safety	1,559,896	-	-	-	-	1,559,896
Public works	194,625	552,602	856,046	-	653,392	2,256,665
Community and economic development	153,851	-	-	-	37,147	190,998
Recreation and culture	199,349	-	-	-	800,055	999,404
Insurance and other	11,343	-	-	-	-	11,343
Capital outlay	-	-	-	1,823,331	478,216	2,301,547
Debt service:						
Principal	75,000	-	-	-	250,000	325,000
Interest	100,235	-	-	-	96,176	196,411
Total Expenditures	<u>3,575,752</u>	<u>552,602</u>	<u>856,046</u>	<u>1,823,331</u>	<u>2,316,801</u>	<u>9,124,532</u>
Excess of Revenues Over (Under) Expenditures	<u>1,748,153</u>	<u>(238,367)</u>	<u>(704,806)</u>	<u>(1,755,075)</u>	<u>(734,322)</u>	<u>(1,684,417)</u>
Other Financing Sources (Uses):						
Transfers in	347,600	170,000	1,140,000	-	781,000	2,438,600
Transfers out	<u>(1,995,000)</u>	<u>(44,000)</u>	<u>-</u>	<u>-</u>	<u>(52,000)</u>	<u>(2,091,000)</u>
Total Other Financing Sources (Uses)	<u>(1,647,400)</u>	<u>126,000</u>	<u>1,140,000</u>	<u>-</u>	<u>729,000</u>	<u>347,600</u>
Net Change in Fund Balances	100,753	(112,367)	435,194	(1,755,075)	(5,322)	(1,336,817)
Fund Balances - July 1	<u>2,231,948</u>	<u>348,134</u>	<u>177,657</u>	<u>2,216,511</u>	<u>1,983,814</u>	<u>6,958,064</u>
Fund Balances - June 30	<u>\$2,332,701</u>	<u>\$ 235,767</u>	<u>\$ 612,851</u>	<u>\$ 461,436</u>	<u>\$1,978,492</u>	<u>\$5,621,247</u>

See Notes to Financial Statements

City of Zeeland, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Net change in fund balances-Total Governmental Funds	\$ (1,336,817)
--	----------------

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized - general capital assets	1,975,478
Current year capital outlays capitalized - infrastructure capital assets	1,373,341
Current year depreciation expense on capitalized assets	(1,384,394)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items is as follows:

Amortization of deferred bond refunding loss/issuance costs/premiums/discounts	(11,599)
Principal payments on long-term debt	325,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due	17,734
---	--------

Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment rental, to individual funds. The net revenue (expenses) of certain internal service funds is reported with governmental activities	317,699
---	---------

Change in net assets of governmental activities	<u>\$ 1,276,442</u>
---	---------------------

City of Zeeland, Michigan
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

	Enterprise Funds				Internal
	Electric Utility	Water Utility	Clean Water Utility	Total	Service Funds
ASSETS					
Current Assets:					
Cash and investments	\$14,552,027	\$ 3,583,716	\$ 5,030,712	\$23,166,455	\$ 2,748,082
Receivables:					
Accounts	2,099,198	358,477	161,991	2,619,666	-
Interest	59,540	17,892	29,368	106,800	8,782
Due from other governments	-	173,995	67,757	241,752	-
Inventories	306,084	58,651	-	364,735	-
Prepaid items	239,450	177,199	1,723	418,372	801
Deposits with MPPA	2,780,822	-	-	2,780,822	-
Deposits with MPLA	2,314,095	-	-	2,314,095	-
Total Current Assets	<u>22,351,216</u>	<u>4,369,930</u>	<u>5,291,551</u>	<u>32,012,697</u>	<u>2,757,665</u>
Noncurrent Assets:					
Restricted cash - Revenue bond covenant accounts	<u>663,000</u>	<u>904,500</u>	<u>-</u>	<u>1,567,500</u>	<u>-</u>
Capital assets:					
Land	949,052	122,611	310,706	1,382,369	-
Construction in progress	924,946	286,200	160,899	1,372,045	-
Land improvements	458,371	160,475	129,781	748,627	-
Buildings and improvements	3,443,978	780,934	856,571	5,081,483	-
Systems	42,180,963	20,824,883	12,292,815	75,298,661	-
Machinery and equipment	1,002,962	132,686	43,897	1,179,545	2,946,743
Less accumulated depreciation	<u>(21,272,296)</u>	<u>(7,083,032)</u>	<u>(5,918,813)</u>	<u>(34,274,141)</u>	<u>(1,259,220)</u>
Total Capital Assets	<u>27,687,976</u>	<u>15,224,757</u>	<u>7,875,856</u>	<u>50,788,589</u>	<u>1,687,523</u>
Total Noncurrent Assets	<u>28,350,976</u>	<u>16,129,257</u>	<u>7,875,856</u>	<u>52,356,089</u>	<u>1,687,523</u>
Total Assets	<u>50,702,192</u>	<u>20,499,187</u>	<u>13,167,407</u>	<u>84,368,786</u>	<u>4,445,188</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	2,035,886	301,612	95,814	2,433,312	70,599
Accrued payroll	22,275	5,759	7,073	35,107	3,175
Accrued interest payable	38,917	85,719	-	124,636	-
Current portion of long-term debt	<u>395,000</u>	<u>585,000</u>	<u>-</u>	<u>980,000</u>	<u>-</u>
Total Current Liabilities	<u>2,492,078</u>	<u>978,090</u>	<u>102,887</u>	<u>3,573,055</u>	<u>73,774</u>
Noncurrent Liabilities:					
Long-term debt, net of current portion	<u>4,160,000</u>	<u>7,345,000</u>	<u>-</u>	<u>11,505,000</u>	<u>-</u>
Total Liabilities	<u>6,652,078</u>	<u>8,323,090</u>	<u>102,887</u>	<u>15,078,055</u>	<u>73,774</u>
NET ASSETS					
Invested in capital assets, net of related debt	23,132,976	7,294,757	7,875,856	38,303,589	1,687,523
Restricted for debt service	663,000	904,500	-	1,567,500	-
Unrestricted	<u>20,254,138</u>	<u>3,976,840</u>	<u>5,188,664</u>	<u>29,419,642</u>	<u>2,683,891</u>
Total Net Assets	<u>\$44,050,114</u>	<u>\$12,176,097</u>	<u>\$13,064,520</u>	<u>69,290,731</u>	<u>\$ 4,371,414</u>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds				<u>456,407</u>	
Net assets of business-type activities				<u>\$69,747,138</u>	

City of Zeeland, Michigan
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Enterprise Funds				Internal Service Funds
	Electric Utility	Water Utility	Clean Water Utility	Total	
Operating Revenues:					
Electric sales	\$ 18,366,973	\$ -	\$ -	\$ 18,366,973	\$ -
Water sales	-	3,343,128	-	3,343,128	-
Sewage disposal charges	-	-	1,690,374	1,690,374	-
Charges for services	-	-	-	-	1,921,917
Other revenues	41,806	7,035	5,179	54,020	52,980
Total Operating Revenues	<u>18,408,779</u>	<u>3,350,163</u>	<u>1,695,553</u>	<u>23,454,495</u>	<u>1,974,897</u>
Operating Expenses:					
Electric production and purchases	11,254,720	-	-	11,254,720	-
Water purchases	-	939,175	-	939,175	-
Waste treatment	-	-	515,758	515,758	-
Transmission and distribution	722,131	461,232	91,452	1,274,815	-
Customer accounts	266,960	135,988	126,702	529,650	-
Supplies and other operating expenses	-	-	-	-	1,476,721
General and administrative	450,133	169,904	235,897	855,934	28,248
Depreciation	1,690,206	619,138	305,643	2,614,987	193,361
Total Operating Expenses	<u>14,384,150</u>	<u>2,325,437</u>	<u>1,275,452</u>	<u>17,985,039</u>	<u>1,698,330</u>
Operating Income	<u>4,024,629</u>	<u>1,024,726</u>	<u>420,101</u>	<u>5,469,456</u>	<u>276,567</u>
Nonoperating Revenues (Expenses)					
Interest income	1,043,851	182,392	278,266	1,504,509	134,763
Interest expense	(179,582)	(384,620)	-	(564,202)	-
Gain on sale of capital assets	21,814	6,800	-	28,614	29,790
Other	47,608	54,150	-	101,758	-
Total Nonoperating Revenues (Expenses)	<u>933,691</u>	<u>(141,278)</u>	<u>278,266</u>	<u>1,070,679</u>	<u>164,553</u>
Income Before Contributions and Transfers	4,958,320	883,448	698,367	6,540,135	441,120
Capital contributions	49,486	214,785	104,854	369,125	-
Transfers out	<u>(347,600)</u>	<u>-</u>	<u>-</u>	<u>(347,600)</u>	<u>-</u>
Change in Net Assets	4,660,206	1,098,233	803,221	6,561,660	441,120
Net Assets - July 1	<u>39,389,908</u>	<u>11,077,864</u>	<u>12,261,299</u>		<u>3,930,294</u>
Net Assets - June 30	<u>\$44,050,114</u>	<u>\$12,176,097</u>	<u>\$13,064,520</u>		<u>\$ 4,371,414</u>
Adjustment to reflect the consolidation of internal service funds activities to enterprise funds				123,421	
Change in net assets of business-type activities				<u>\$ 6,685,081</u>	

See Notes to Financial Statements

City of Zeeland, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Enterprise Funds				Internal Service Funds
	Electric Utility	Water Utility	Clean Water Utility	Total	
Cash Flows From Operating Activities:					
Receipts from customers	\$ 18,150,529	\$ 3,253,595	\$ 1,683,557	\$ 23,087,681	\$ -
Payments to suppliers	(13,387,488)	(1,358,354)	(546,148)	(15,291,990)	(1,341,607)
Payments to employees	(977,677)	(303,410)	(358,376)	(1,639,463)	(158,377)
Other receipts (payments)	47,608	54,150	-	101,758	53,445
Net Cash Provided By Operating Activities	<u>3,832,972</u>	<u>1,645,981</u>	<u>779,033</u>	<u>6,257,986</u>	<u>475,378</u>
Cash Flows From Noncapital Financing Activities:					
Transfers from/to other funds	(347,600)	-	-	(347,600)	-
Cash Flows From Capital and Related Financing Activities:					
Capital contributions	49,486	110,535	37,097	197,118	-
Acquisition and construction of capital assets	(2,343,011)	(545,160)	(375,340)	(3,263,511)	(306,969)
Principal paid on capital debt	(380,000)	(560,000)	-	(940,000)	-
Interest paid on capital debt	(160,045)	(354,322)	-	(514,367)	-
Proceeds from sale of capital assets	21,814	6,800	-	28,614	39,605
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(2,811,756)</u>	<u>(1,342,147)</u>	<u>(338,243)</u>	<u>(4,492,146)</u>	<u>(267,364)</u>
Cash Flows From Investing Activities:					
Interest received on investments	<u>1,034,722</u>	<u>183,088</u>	<u>270,037</u>	<u>1,487,847</u>	<u>133,283</u>
Net Increase (Decrease) in Cash and Investments	1,708,338	486,922	710,827	2,906,087	341,297
Cash and Investments - July 1	<u>13,506,689</u>	<u>4,001,294</u>	<u>4,319,885</u>	<u>21,827,868</u>	<u>2,406,785</u>
Cash and Investments - June 30	<u>\$ 15,215,027</u>	<u>\$ 4,488,216</u>	<u>\$ 5,030,712</u>	<u>\$ 24,733,955</u>	<u>\$ 2,748,082</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:					
Operating income	\$ 4,024,629	\$ 1,024,726	\$ 420,101	\$ 5,469,456	\$ 276,567
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,690,206	619,138	305,643	2,614,987	193,361
Other nonoperating income (expense)	47,608	54,150	-	101,758	-
Change in assets and liabilities:					
Receivables	(258,250)	(96,568)	(11,996)	(366,814)	210
Inventories	49,218	(3,752)	-	45,466	-
Prepaid items and deposits	(1,595,853)	(69)	(95)	(1,596,017)	(43)
Accounts payable	(125,200)	48,260	65,394	(11,546)	5,000
Accrued and other liabilities	614	96	(14)	696	283
Net Cash Provided By Operating Activities	<u>\$ 3,832,972</u>	<u>\$ 1,645,981</u>	<u>\$ 779,033</u>	<u>\$ 6,257,986</u>	<u>\$ 475,378</u>
Cash and investments:					
Cash and investments	\$ 14,552,027	\$ 3,583,716	\$ 5,030,712	\$ 23,166,455	\$ 2,748,082
Revenue bond covenant accounts	663,000	904,500	-	1,567,500	-
	<u>\$ 15,215,027</u>	<u>\$ 4,488,216</u>	<u>\$ 5,030,712</u>	<u>\$ 24,733,955</u>	<u>\$ 2,748,082</u>

See Notes to Financial Statements

City of Zeeland, Michigan
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2007

	Defined Benefit Pension Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ 2,232	\$ 111,610
Investments:		
Money market funds	350,787	-
U.S. government securities	951,861	-
Stocks	3,382,099	-
Bonds	569,990	-
Employer contributions receivable	8,314	-
Accrued interest receivable	<u>16,102</u>	<u>-</u>
 Total Assets	 <u>5,281,385</u>	 <u>\$ 111,610</u>
LIABILITIES		
Customer deposits	-	\$ 105,946
Accounts payable	-	1,509
Due to other governments	<u>-</u>	<u>4,155</u>
 Total Liabilities	 <u>-</u>	 <u>\$ 111,610</u>
NET ASSETS		
Held in Trust for Pension Benefits	<u>\$ 5,281,385</u>	

City of Zeeland, Michigan
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2007

	<u>Defined Benefit Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 224,877
Employee	<u>4,251</u>
Total Contributions	<u>229,128</u>
Investment earnings:	
Net appreciation in fair value of investments	449,855
Interest	83,542
Dividends	<u>64,570</u>
Net Investment Earnings	<u>597,967</u>
Total Additions	<u>827,095</u>
DEDUCTIONS	
Benefit payments	238,842
Administrative expense	<u>65,584</u>
Total Deductions	<u>304,426</u>
Change in Net Assets	522,669
Net Assets - July 1	<u>4,758,716</u>
Net Assets - June 30	<u>\$ 5,281,385</u>

City of Zeeland, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Zeeland conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Zeeland:

A. Reporting Entity

The City of Zeeland is governed by an elected mayor and six-member council. The accompanying financial statements present the city and its component units, entities for which the city is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the city's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Unit. The Zeeland Building Authority has a three member board that is appointed by the City Council. During 1991, the Building Authority issued limited tax general obligation bonds to finance a part of the cost of the acquisition and construction of improvements of two existing downtown parking lots. The city has entered into a long-term lease with the authority for the use of these facilities. The city established special assessment districts and will levy an annual operating millage to finance the operations of the authority. During 1998, the Building Authority issued limited tax general obligation bonds to finance additions and improvements to city hall and the construction of a storage building at the street department. The city has entered into a long-term lease with the authority for the project. The city is required to provide annually sufficient monies from its general funds for the payment of the outstanding bonds.

Discretely Presented Component Unit. The city has no discretely presented component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. (The City of Zeeland has no such component units.)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Other revenue is recorded when received.

The city reports the following major governmental funds:

General Fund - The General Fund is the city's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Major and Local Street Funds - The Major Street and Local Street Funds account for the resources of state gas and weight taxes that are restricted for use on major and local streets. They also account for monies received from special taxes levied for street improvement purposes and for monies received from General Fund contributions.

City Building Fund - This capital projects fund accounts for the construction phase of the city's new street maintenance facility financed by \$2,100,000 of general obligation bonds issued in 2006.

The city reports the following major proprietary funds:

Electric Utility Fund - This fund is used to account for the electric utility sales and costs associated with the generation, purchase, transmission and distribution of electricity.

Water Utility Fund - This fund is used to account for the operation and maintenance of a water distribution system, including storage tanks, pumping stations, distribution mains and services and related equipment. Water is purchased from the City of Holland Board of Public Works for storage and distribution to Zeeland's customers.

Clean Water Utility Fund - This fund is used to account for the operation and maintenance of a wastewater collection system, lift stations and treatment facility.

Additionally, the government reports the following fund types:

Governmental Funds

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes and for monies received from General Fund transfers for specified purposes.

Debt Service Funds - Debt Service Funds account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Funds - Capital Project Funds are used to account for resources accumulated for the acquisition or construction of specific capital projects or items.

Permanent Funds - The Permanent Fund is used to record the activity of the Cemetery Trust which provides funds for the perpetual care of cemetery lots.

Proprietary Funds

Internal Service Funds - Internal Service Funds account for 1) building maintenance services, 2) major machinery, equipment and vehicle purchases and maintenance and 3) health care self-insurance services provided to other departments of the city on a cost reimbursement basis.

Fiduciary Funds (Not included in government-wide statements)

Pension Trust Fund - The Pension Trust Fund account for the activities of the city's defined benefit pension plan for eligible employees and are accounted for in essentially the same manner as proprietary funds.

Agency Funds - Agency Funds account for assets held by the city in a purely custodial capacity. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of results of operations. The City maintains agency funds to account for tax collections and related payments, certain payroll withholdings, and refundable customer deposits.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The city has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of the inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the city's electric, water and sewer functions and various other functions of the city. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and clean water funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non-operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Bank Deposits and Investments.

The city pools cash resources of its various funds to facilitate the management of cash. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the city's investments. Debt service funds, self-insurance funds, bond covenant accounts and Pension Trust Funds are maintained in separate accounts.

For purposes of the statement of cash flows, the proprietary funds type considers all transactions within the city's pooled cash accounts to be cash and cash equivalents.

Investments are recorded at fair value. Interest is accrued and earnings in the pooled cash accounts are allocated quarterly to each fund based upon monthly balances of cash and investments.

2. Receivables and Payables.

In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The property tax receivable allowance is equal to 100 percent of the outstanding property taxes. No allowance for uncollectible accounts is considered for other receivables.

3. Inventories and Prepaid Items.

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Certain proceeds of the enterprise funds revenues bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. The “revenue bond covenant accounts” are used to segregate resources set aside to make up potential future deficiencies in the bond current debt service accounts.

5. Capital Assets.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the city as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year \$0 of interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Land improvements	5-10
Machinery and equipment	5-15
Office furniture and equipment	5-20
Vehicles	3-25
Roads and sidewalks	15-25
Electric, water and sewer systems	10-50

6. *Compensated Absences.*

It is the city's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for sick leave since the city does not have a policy to pay amounts when the employees separate from service from the city. If material, all vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only for employee terminations at year-end.

7. *Long-Term Obligations.*

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

8. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. *Property Taxes*

Property taxes are levied on each July 1 (lien date and due date) on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge from a period of 45 days from the due date the bills are due. After that period of time, two percent penalty and interest at three quarters of a percent per month are added to all unpaid taxes. The city continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. The county's policy has been to pay the city for all delinquent real property taxes returned. The city continues to collect delinquent personal property taxes.

The city's 2006 ad valorem tax is levied and collectible on July 1, 2006, and is recognized as revenue in the year ended June 30, 2007, when the proceeds of this levy are budgeted and made available for the financing of operations.

The 2006 taxable valuation of the city totaled \$245,373,775 excluding abated valuations, on which ad valorem taxes levied consisted of 10.9854 mills for operating purposes and .4000 mills for library debt purposes. This resulted in \$2,695,529 for operating purposes and \$98,150 for library debt purposes.

In addition the city's 2006 taxable valuation for abated property totaled \$289,421,750 on which taxes levied consisted of 5.4727 mills for operating purposes and .2000 mills for library debt purposes. This resulted in \$1,591,651 for operating purposes and \$57,955 for library debt purposes. The above amounts are recognized in the respective General and Debt Service Funds financial statements as tax revenue.

F. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

State Construction Code Act – The city oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The city charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

The city accounts for the activity of its building inspection department within its general fund. Following is a summary of the cumulative deficit and activity for the year ended June 30, 2007:

Surplus (deficit) - July 1, 2006		\$ (247,748)
Charges for services	\$ 66,787	
Building inspection expenditures	<u>(165,190)</u>	<u>(98,403)</u>
Surplus (deficit) - June 30, 2007		<u>\$ (346,151)</u>

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The governing body has designated several banks for the deposit of city funds. The investment policy adopted by the city in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authority as listed above.

The city's pension trust funds investments are held in trust by the investment fiduciary, Merrill Lynch Trust Company. Michigan Compiled Laws, Section 38.1132, authorizes the city pension trusts to invest in a wide variety of investments including stocks, bonds, diversified investment companies, certificates of deposit, real estate, annuity investment contracts, and certain other specified investment vehicles. Specific limitations apply to the various investment types depending on the size of the pension trust.

The city's deposits and investment policy are in accordance with statutory authority.

At year-end, the city's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 8,598,339	\$ 23,166,455	\$ 5,368,579	\$ 37,133,373
Revenue bond covenant accounts	<u>-</u>	<u>1,567,500</u>	<u>-</u>	<u>1,567,500</u>
Total	<u>\$ 8,598,339</u>	<u>\$ 24,733,955</u>	<u>\$ 5,368,579</u>	<u>\$ 38,700,873</u>

The breakdown between deposits and investments is as follows:

	City	Pension Trust	Total
Bank deposits (checking and savings accounts, certificates of deposit)	\$ 8,935,961	\$ 2,232	\$ 8,938,193
Investments:			
Federal Home Loan Mortgage Corporation	6,875,547	-	6,875,547
Federal National Mortgage Association	6,888,234	536,166	7,424,400
Federal Home Loan Bank	7,149,553	-	7,149,553
Federal Farm Credit Bank	441,298	-	441,298
US Treasury Bills	-	120,886	120,886
US Treasury Notes	-	414,786	414,786
Corporate bonds	-	450,013	450,013
Corporate stocks	-	3,382,099	3,382,099
Money market accounts	3,153,311	350,787	3,504,098
Total investments	24,507,943	5,254,737	29,762,680
Total deposits and investments	\$ 33,443,904	\$ 5,256,969	\$ 38,700,873

The city's investment in US Government and Agency debt obligations at year end consists of:

Investment	Maturities	Fair Value	Investment	Maturities	Fair Value
Federal Home Loan Mtg Corp	11-01-07	\$ 170,187	Federal National Mtg Assoc	05-05-09	\$ 996,560
Federal Home Loan Mtg Corp	03-01-08	365,806	Federal National Mtg Assoc	12-21-09	994,380
Federal Home Loan Mtg Corp	03-01-08	32,317	Federal National Mtg Assoc	01-22-10	996,880
Federal Home Loan Mtg Corp	04-01-08	26,426	Federal National Mtg Assoc	02-15-10	184,063
Federal Home Loan Mtg Corp	04-01-08	25,033	Federal National Mtg Assoc	04-27-12	496,405
Federal Home Loan Mtg Corp	04-23-08	246,882	Federal Home Loan Bank	11-02-07	99,344
Federal Home Loan Mtg Corp	05-01-08	386,260	Federal Home Loan Bank	08-15-07	199,626
Federal Home Loan Mtg Corp	06-01-08	598,187	Federal Home Loan Bank	01-15-08	98,781
Federal Home Loan Mtg Corp	06-25-08	1,951,080	Federal Home Loan Bank	02-15-08	197,562
Federal Home Loan Mtg Corp	07-01-08	193,934	Federal Home Loan Bank	08-15-08	295,032
Federal Home Loan Mtg Corp	08-01-08	129,317	Federal Home Loan Bank	12-23-08	97,313
Federal Home Loan Mtg Corp	09-01-08	237,598	Federal Home Loan Bank	02-20-09	490,470
Federal Home Loan Mtg Corp	09-15-08	264,854	Federal Home Loan Bank	05-26-09	37,043
Federal Home Loan Mtg Corp	12-01-08	271,276	Federal Home Loan Bank	12-01-09	77,850
Federal Home Loan Mtg Corp	01-01-09	699,629	Federal Home Loan Bank	12-29-09	400,376
Federal Home Loan Mtg Corp	03-30-09	97,974	Federal Home Loan Bank	06-28-10	2,001,260
Federal Home Loan Mtg Corp	05-01-09	386,828	Federal Home Loan Bank	08-10-10	567,456
Federal Home Loan Mtg Corp	03-29-11	479,050	Federal Home Loan Bank	10-05-10	597,750
Federal Home Loan Mtg Corp	08-25-11	219,452	Federal Home Loan Bank	11-15-11	996,250
Federal Home Loan Mtg Corp	05-01-19	93,457	Federal Home Loan Bank	05-15-12	993,440
Federal National Mtg Assoc	11-15-07	992,190	Federal Farm Credit Bank	03-12-09	193,250
Federal National Mtg Assoc	04-30-08	986,560	Federal Farm Credit Bank	12-27-12	248,048
Federal National Mtg Assoc	02-15-09	261,816			
Federal National Mtg Assoc	04-29-09	979,380	Total		\$21,354,632

The city's pension trust fund investments in debt obligations at year end consist of:

Investment	Maturities	Fair Value	Investment	Maturities	Fair Value
US Government and Agency Obligations:			Corporate Bonds:		
Federal National Mtg Assoc	08-29-07	\$ 20,828	AOL Time Warner, Inc	05-01-12	\$ 27,125
Federal National Mtg Assoc	08-31-07	99,150	Anadarko Petroleum Co	09-15-16	14,646
Federal National Mtg Assoc	01-29-09	46,941	Bear Stearns Co, Inc	02-01-12	13,738
Federal National Mtg Assoc	06-15-10	26,297	Berkshire Hathaway	10-15-08	14,637
Federal National Mtg Assoc	07-15-16	48,740	Boeing Co	02-15-13	15,753
Federal National Mtg Assoc	2036	37,596	Caterpillar Fin Ser Corp	06-15-09	17,723
Federal National Mtg Assoc	2036	9,315	Citigroup, Inc	09-15-14	15,220
Federal National Mtg Assoc	2036	90,011	DaimlerChrysler Hldg	11-15-13	20,656
Federal National Mtg Assoc	2037	46,890	John Deere Capital Corp	01-15-09	17,859
Federal National Mtg Assoc	2037	52,529	Diago Capital PLC	03-20-08	16,738
Federal National Mtg Assoc	2037	57,869	Walt Disney Co	03-01-12	25,896
US Treasury Bill	07-12-07	120,886	Dominion Resources, Inc	02-15-08	19,837
US Treasury Note	05-15-08	39,195	FleetBoston Financial Corp	02-15-08	14,852
US Treasury Note	12-15-08	29,339	General Electric Capital Corp	05-01-08	24,633
US Treasury Note	01-15-09	17,271	Goldman Sachs Group, Inc. Note	01-15-15	31,358
US Treasury Note	05-15-06	36,324	NM Household Fin Corp	11-27-12	25,667
US Treasury Note	10-15-09	2,902	JP Morgan Chase & Co	02-01-08	14,873
US Treasury Note	04-15-10	22,793	Metlife, Inc	12-15-12	15,806
US Treasury Note	01-15-11	10,288	Morgan Stanley Dean Whitter	04-01-14	14,008
US Treasury Note	02-15-11	16,072	News America, Inc	12-15-14	13,524
US Treasury Note	06-30-11	15,114	Simon Property Group, LP	12-01-15	28,694
US Treasury Note	08-15-12	38,119	Sprint Capital Corp	01-30-11	15,782
US Treasury Note	11-15-13	5,776	Wachovia Bank	03-15-16	15,707
US Treasury Note	01-15-14	33,636	Wells Fargo	11-15-14	15,281
US Treasury Note	05-15-15	52,776	Total Corporate Bonds		<u>450,013</u>
US Treasury Note	05-15-16	42,236			
US Treasury Note	05-15-17	23,969	Total		<u>\$ 1,521,851</u>
US Treasury Note	04-15-29	<u>28,976</u>			
Total US Gov't & Agency Obligations		<u>1,071,838</u>			

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the city's deposits may not be returned. At year end the bank balance of the city's deposits was \$9,195,982 of which \$643,232 was covered by federal depository insurance and \$8,552,750 was exposed to custodial credit risk because it was uninsured and uncollateralized. The city believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. The city's investment policy provides that deposits are restricted to financial institutions that have been evaluated for creditworthiness and meet certain ratios.

Interest rate risk. Except as limited by state law as listed in the above list of authorized investments the city does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The city has no investment policy that limits its investment choices beyond those required by state law. The city's and pension trust fund's investments in US Government Agency obligations were rated AAA by Standard & Poor's. The pension trust fund's investments in corporate bonds were rated as follows:

<u>Standard & Poor's Rating</u>	<u>Amount</u>
AAA	\$ 39,270
AA	15,281
AA-	87,953
A+	43,499
A	77,283
A-	45,432
BBB+	61,305
BBB	35,619
BBB-	14,646
Not rated	29,725
	<u>\$ 450,013</u>

At year end the city had \$3,153,311 and the pension trust fund had \$350,787 in permissible money market funds that are not separately rated.

Custodial Credit Risk-Investments. For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The city has not adopted a policy for investment custodial credit risk. As of June 30, 2007, the city's investments were held by a third party in the city's name. The city's investments in money market accounts are not subject to risk categorization.

Concentration of Credit Risk. State law does not limit and the city has not adopted a formal policy on the amount the city may invest in any one issuer. More than 5% of the city's investments are in the Federal Home Loan Mortgage Corp. (23.1%), the Federal National Mortgage Corp. (24.9%), and the Federal Home Loan Bank (24.0%).

B. Receivables

Receivables as of year-end for the city's individual major funds, and non-major funds, internal service funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>City Building</u>	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Clean Water Utility</u>	<u>Non-major Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
Receivables:										
Accounts	\$ 27,798	\$ -	\$ -	\$ -	\$2,099,198	\$ 358,477	\$ 161,991	\$ 27,303	\$ -	\$2,674,767
Interest	3,878	1,294	3,681	4,109	59,540	17,892	29,368	11,890	8,782	140,434
Intergovernmental	179,735	45,995	16,714	-	-	173,995	67,757	183,133	-	667,329
Gross receivables	211,411	47,289	20,395	4,109	2,158,738	550,364	259,116	222,326	8,782	3,482,530
Allowance for uncollectible	-	-	-	-	-	-	-	-	-	-
Net Total Receivables	<u>\$ 211,411</u>	<u>\$ 47,289</u>	<u>\$ 20,395</u>	<u>\$ 4,109</u>	<u>\$2,158,738</u>	<u>\$ 550,364</u>	<u>\$ 259,116</u>	<u>\$ 222,326</u>	<u>\$ 8,782</u>	<u>\$3,482,530</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the city reported no deferred revenue.

C. Capital Assets

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 1,342,815	\$ -	\$ -	\$ 1,342,815
Construction in progress	674,910	2,285,787	-	2,960,697
Subtotal	2,017,725	2,285,787	-	4,303,512
Capital Assets Being Depreciated				
Land improvements	1,108,765	63,572	-	1,172,337
Buildings and improvements	8,955,341	-	-	8,955,341
Machinery and equipment	480,819	10,128	-	490,947
Office furniture and equipment	638,376	33,973	-	672,349
Equipment-Motor Pool	551,481	163,057	(78,536)	636,002
Vehicles-Motor Pool	2,186,580	143,912	(19,751)	2,310,741
Infrastructure	17,193,915	955,359	-	18,149,274
Subtotal	31,115,277	1,370,001	(98,287)	32,386,991
Less Accumulated Depreciation for				
Land improvements	(677,987)	(67,466)	-	(745,453)
Buildings and improvements	(2,260,918)	(280,893)	-	(2,541,811)
Machinery and equipment	(366,789)	(42,892)	-	(409,681)
Office furniture and equipment	(496,726)	(50,430)	-	(547,156)
Equipment-Motor Pool	(298,415)	(56,317)	68,721	(286,011)
Vehicles-Motor Pool	(855,916)	(137,044)	19,751	(973,209)
Infrastructure	(7,360,402)	(942,713)	-	(8,303,115)
Subtotal	(12,317,153)	(1,577,755)	88,472	(13,806,436)
Net Capital Assets Being Depreciated	18,798,124	(207,754)	(9,815)	18,580,555
Governmental Activities Total				
Capital Assets - Net of Depreciation	<u>\$ 20,815,849</u>	<u>\$ 2,078,033</u>	<u>\$ (9,815)</u>	<u>\$ 22,884,067</u>

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 1,196,413	\$ 185,956	\$ -	\$ 1,382,369
Construction in progress	<u>1,251,604</u>	<u>120,441</u>	<u>-</u>	<u>1,372,045</u>
Subtotal	<u>2,448,017</u>	<u>306,397</u>	<u>-</u>	<u>2,754,414</u>
Capital Assets Being Depreciated				
Land improvements	733,253	16,139	(765)	748,627
Building and improvements	4,956,326	146,052	(20,895)	5,081,483
Systems	73,801,669	2,628,899	(1,131,907)	75,298,661
Machinery and equipment	<u>1,147,178</u>	<u>166,323</u>	<u>(133,956)</u>	<u>1,179,545</u>
Subtotal	<u>80,638,426</u>	<u>2,957,413</u>	<u>(1,287,523)</u>	<u>82,308,316</u>
Less Accumulated Depreciation for				
Land improvements	(472,594)	(57,390)	765	(529,219)
Buildings and improvements	(1,870,048)	(135,942)	20,596	(1,985,394)
Systems	(29,795,537)	(2,314,510)	1,131,907	(30,978,140)
Machinery and equipment	<u>(808,199)</u>	<u>(107,145)</u>	<u>133,956</u>	<u>(781,388)</u>
Subtotal	<u>(32,946,378)</u>	<u>(2,614,987)</u>	<u>1,287,224</u>	<u>(34,274,141)</u>
Net Capital Assets Being Depreciated	<u>47,692,048</u>	<u>342,426</u>	<u>(299)</u>	<u>48,034,175</u>
Business Type Activities Total				
Capital Assets - Net of Depreciation	<u>\$ 50,140,065</u>	<u>\$ 648,823</u>	<u>\$ (299)</u>	<u>\$ 50,788,589</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	\$ 138,662
Public safety	91,278
Public works	954,672
Recreation and culture	199,782
Internal service fund depreciation is charged to the various functions based on their usage of the assets	<u>193,361</u>
Total Governmental Activities	<u>\$ 1,577,755</u>
Business-Type Activities	
Electric	\$ 1,690,206
Water	619,138
Clean water	<u>305,643</u>
Total Business-Type Activities	<u>\$ 2,614,987</u>

Construction Commitments-The city has active construction projects at year-end. At year-end the city's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Electric Utility projects	\$ 272,000	\$ 1,012,500
Water Utility projects	286,000	317,000
Street maintenance facility	2,132,000	285,000
Street repaving projects	499,000	306,000
Total	\$ 3,189,000	\$ 1,920,500

D. Interfund Receivables, Payables and Transfers

At June 30, 2007, there were no interfund balances. Interfund transfers reported in the funds statements were as follows:

	<u>Transfers Out</u>				<u>Total</u>
	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Non-major Governmental Funds</u>	<u>Electric Utility Fund</u>	
Transfers In					
General Fund	\$ -	\$ -	\$ -	\$ 347,600 (1)	\$ 347,600
Major Street Fund	170,000 (2)	-	-	-	170,000
Local Street Fund	1,140,000 (2)	-	-	-	1,140,000
Parking System Fund	150,000 (3)	-	2,000 (5)	-	152,000
Community Center Fund	165,000 (3)	-	-	-	165,000
Library Fund	255,000 (3)	-	-	-	255,000
1993 M.T.F. Act 175 Debt Fund	-	44,000 (4)	-	-	44,000
1998 Building Authority G.O. Debt Fund	115,000 (4)	-	-	-	115,000
Capital Improvements Fund	-	-	50,000 (6)	-	50,000
	<u>\$ 1,995,000</u>	<u>\$ 44,000</u>	<u>\$ 52,000</u>	<u>\$ 347,600</u>	<u>\$ 2,438,600</u>

The following describes the nature of significant transfers:

- (1) Transfer from Electric Utility Fund to General Fund for annual agreed upon payment in lieu of taxes
- (2) Transfers from General Fund to Major and Local Street Funds for street construction
- (3) Transfers from General Fund for annual operating purposes
- (4) Transfers from Major Street and General Funds for annual debt service requirements
- (5) Transfer from Capital Improvement Fund for capital acquisitions
- (6) Transfer from CDBG Grant Fund for capital acquisitions

E. Long-Term Debt

The city issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the city is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
General obligation bonds						
1998 Building Authority, interest rates from 4.1 % to 6.0 %, maturing 2018	\$ 1,400,000	\$ 1,130,000	\$ -	\$ (65,000)	\$ 1,065,000	\$ 65,000
1994 Library Building, interest rates from 5.7 % to 7.25 %, maturing 2009	400,000	90,000	-	(25,000)	65,000	25,000
2003 Library Refunding, interest rates from 2.0 %-3.1 %, maturing 2014	1,630,000	1,375,000	-	(120,000)	1,255,000	130,000
2006 Capital Improvement, interest rates from 4.0 %-4.4 %, maturing 2025	2,100,000	2,100,000	-	(75,000)	2,025,000	75,000
Michigan transportation bonds						
1993 MTF , interest rates from 2.4 %-7.25 %, maturing 2007	440,000	80,000	-	(40,000)	40,000	40,000
Total Governmental Activities		<u>\$ 4,775,000</u>	<u>\$ -</u>	<u>\$ (325,000)</u>	<u>\$ 4,450,000</u>	<u>\$ 335,000</u>
Business-Type Activities						
Revenue bonds						
1999 Electric Revenue and Refunding, interest rates from 3.3 % to 4.85 %, maturing 2018	3,125,000	\$ 1,495,000	\$ -	\$ (5,000)	\$ 1,490,000	\$ 5,000
2003 Electric Refunding, interest rates from 2.0 %-3.0 %, maturing 2013	4,230,000	3,440,000	-	(375,000)	3,065,000	390,000
2001 Water Revenue, interest rates from 4.3 %-5.5 %, maturing 2020	4,300,000	3,620,000	-	(165,000)	3,455,000	175,000
2002 Water refunding, interest rates from 3.0 %-3.9 %, maturing 2013	1,810,000	1,395,000	-	(150,000)	1,245,000	155,000
2005 Water refunding, interest rates from 3.5 %-4.0 %, maturing 2015	3,515,000	<u>3,475,000</u>	<u>-</u>	<u>(245,000)</u>	<u>3,230,000</u>	<u>255,000</u>
Total Business-Type Activities		<u>\$ 13,425,000</u>	<u>\$ -</u>	<u>\$ (940,000)</u>	<u>\$ 12,485,000</u>	<u>\$ 980,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ended June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 335,000	\$ 168,686	\$ 980,000	\$ 482,824
2009	305,000	156,215	1,020,000	450,136
2010	315,000	145,285	1,060,000	415,153
2011	310,000	134,073	1,115,000	377,414
2012	325,000	122,535	1,165,000	336,784
2013-2017	1,495,000	426,687	5,255,000	1,007,804
2018-2022	805,000	195,198	1,890,000	174,090
2023-2026	<u>60,000</u>	<u>50,723</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,950,000</u>	<u>\$ 1,399,402</u>	<u>\$ 12,485,000</u>	<u>\$ 3,244,205</u>

F. Restricted Assets

Restricted assets in the business-type activities are amounts required to be set aside for debt service by Electric Utility Fund and Water Utility Fund revenue bond covenants as follows:

Electric Utility revenue bond covenant amounts	\$ 663,000
Water Utility revenue bond covenant amounts	<u>904,500</u>
	<u>\$ 1,567,500</u>

NOTE 4. OTHER INFORMATION

A. Risk Management, Health-Care Self-Insurance and Litigation

The city is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The city is insured under the Michigan Municipal League for workers' compensation claims, general liability, and property loss. In addition the Electric Utility and Water Utility Funds obtain commercial insurance coverage for general liability and property loss. The Electric Utility and Water Utility are self-insured for claims not exceeding \$25,000. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool operates as a common risk-sharing program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The city maintains a health care self insurance fund to account for the city's health care and dental coverage which are self-insured by the city. Health care claims in excess of specified amounts and long-term disability claims are covered through third-party insurance policies. Revenues are recognized from city contributions. The city estimates the liability for health and dental claims that have been incurred through the end of the fiscal year but have not been reported. These estimates are recorded in the Health Care Self-Insurance Internal Service Fund. Changes in the claims liability for the past two fiscal years were as follows:

	<u>2007</u>	<u>2006</u>
Balance-July 1	\$ 40,000	\$ 40,000
Incurred claims-including claims incurred but not reported	845,643	799,541
Claims payments	<u>(845,643)</u>	<u>(799,541)</u>
Balance-June 30	<u>\$ 40,000</u>	<u>\$ 40,000</u>

The city is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the city attorney the resolution of these matters will not have a material adverse effect on the financial condition of the city.

B. Power Sales Contract and Project Contract

The City of Zeeland through its Board of Public Works (BPW) entered into an agreement with the Michigan Public Power Agency (MPPA), a public body political and corporate of the State of Michigan created in 1978. MPPA was formed to undertake the planning, financing, development, acquisition, construction, improvement, operations, and maintenance of projects to supply electric power and energy for present or future needs of its members. Each of MPPA's participating members is a municipal corporation organized under the laws of the State of Michigan and owns and operates a municipal electric system. As of June 30, 2007, the MPPA had 13 participating municipalities.

In January, 1983, MPPA entered into a participation agreement with the Detroit Edison Company providing for the sale to MPPA of an undivided ownership interest (37.22%) in the Belle River Unit No. 1 coal-fueled electric generating facility. The 652 megawatt (MW) generating plant was placed in commercial operation on August 1, 1987. MPPA initially financed the purchase of its portion of the Belle River plant by issuing \$590,000,000 of Project Revenue Bonds.

The BPW has entered into a Power Sales Contract and a Project Support Contract with MPPA whereby MPPA will sell and the BPW will purchase its entitlement share (11.3MW or 4.94% of MPPA's interest) of power and energy from the Belle River plant. During fiscal year 2007, approximately 83.8 million kwh (or approximately 25% of the system's needs) were provided to Zeeland from the Belle River project.

The contracts require the BPW to charge rates for electric power, sufficient to provide revenues adequate to meet its obligations under the agreements. Payments made under the Power Sales Contract are operating expenses of the electric system. Payments made under the Project Support Contract are made after payment of operation and maintenance expenses of the electric system and after debt service payments of the electric system.

Under the provisions of the MPPA bonding resolution, neither the State of Michigan nor any political subdivision thereof, other than MPPA, nor any Participant or any other nonparticipating Member of MPPA is obligated to pay the principal of, premium, if any, or interest on the project revenue bonds and neither the full faith and credit or the taxing power of the State of Michigan or any such Participant or nonparticipating Member is pledged to the payment of the principal of, premium, if any, or interest on the project revenue bonds. MPPA does not have any taxing powers.

C. Other Post-Employment Benefits

The city has elected to provide postretirement health care, dental and life insurance benefits to certain eligible retired employees. Eligible recipients include all full-time employees who have reached the age of 62 and have worked at least ten years for the city. Such benefits are provided to eligible retirees within the schedule of benefits for the city's pre-Medicare and Medicare supplement insurance plans. The city may provide postretirement benefits to its retirees at its discretion and is not obligated in any manner to provide any postretirement benefits in addition to the pension benefits described under the Employee Retirement Systems and Plans note.

As of the end of the fiscal year, 33 eligible retirees and spouses were receiving such postretirement benefits. Expenditures for postretirement benefits are recognized as insurance premiums and claim administrator reimbursements become due. For the year ended June 30, 2007, expenditures of \$103,873 were recognized for postretirement health care and dental insurance benefits, which are net of \$31,246 in reimbursements received from retirees.

D. Deferred Compensation Plan

The city offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of the plan were held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted for any other use. The Administrators are the agents of the employer for the purpose of providing direction to the custodian of the custodial accounts from time to time for the investment of the funds held in the account, transfer of the assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the city's financial statements.

E. Employee Retirement Systems and Plans

The City of Zeeland maintains two pension plans. The defined contribution plan was established July 1, 2000 and covers eligible employees hired after July 1, 2000 and employees hired prior to July 1, 2000 who elected to have their balances transferred from the city's defined benefit plan. Participation in the defined benefit plan was frozen effective July 1, 2000 and now covers only eligible employees hired prior to July 1, 2000 who elected to remain participants in the defined benefit plan and not participate in the defined contribution plan.

1. City of Zeeland Defined Benefit Pension Plan

a. Plan Description

The City of Zeeland Defined Benefit Pension Plan is a single employer plan administered by the City of Zeeland. All full-time employees employed by the city before July 1, 2000 and who work 25 hours or more per week were eligible to remain a participant in the plan. All employees hired on or after July 1, 2000 are required to become a participant in the defined contribution plan. The plan provides retirement and death benefits to plan members and their beneficiaries. The plan was established by the city and can be amended at its discretion, subject to the terms of collective bargaining agreements covering various employee classes. The plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained at the city's offices.

b. Summary of Significant Accounting Policies

Basis of Accounting - The plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Plan investments are reported at fair market value. Quoted market prices are used to value investments.

c. Funding Policy

The City of Zeeland, under its charter and through various collective bargaining agreements, has the authority to establish and amend the obligations of the city and plan members to contribute to the plan. Except for police employees, active plan members are currently not obligated to make contributions to the plan. The city is required by the terms of the plan to contribute the actuarially determined amount necessary to fund the plan. In addition, police employees make contributions equal to 1.12% of compensation to partially fund their benefit.

d. Annual Pension Costs

For the year ended June 30, 2007, the city's annual pension cost of \$224,877 was equal to the required and actual contributions. The required pension contribution was determined as part of an actuarial valuation at July 1, 2006, using the aggregate actuarial cost method. Significant actuarial assumptions included (a) a 7% investment rate of return, (b) projected salary increases of 4.0% per year, and (c) no cost of living adjustments. The actuarial value of assets is equal to the fair market value of the assets held in the plan. The plan uses the aggregate actuarial cost method. This method does not identify and separately amortize unfunded actuarial liabilities.

Three year trend information as of June 30 follows:

	Year Ended June 30		
	2005	2006	2007
Annual pension costs (APC)	\$ 187,332	\$ 254,078	\$ 224,877
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

2. City of Zeeland Defined Contribution Plan

The city provides pension benefits to all its employees meeting length of service requirements not participating in the defined benefit plan through a defined contribution plan administered by Merrill Lynch. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The city contributes 8% of covered compensation for participants who were employed by the city before July 1, 2000 and 6% of covered compensation for employees for participants employed after July 1, 2000. Contributions made to the plan were \$170,272 for the year ended June 30, 2007. Plan provisions and contribution requirements are established and may be amended by the City Council.

Required Supplementary Information

City of Zeeland, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ 4,280,500	\$ 4,301,000	\$ 4,310,152	\$ 9,152
Licenses and permits	98,400	98,400	114,302	15,902
State shared revenues	567,500	567,500	550,258	(17,242)
Charges for services	51,400	51,400	61,027	9,627
Fines and forfeitures	30,000	30,000	33,877	3,877
Interest	125,000	190,000	212,581	22,581
Other	15,000	15,000	41,708	26,708
Total Revenues	5,167,800	5,253,300	5,323,905	70,605
Expenditures:				
Current:				
General Government:				
Governing body	39,130	41,030	37,906	3,124
Youth council	4,370	4,820	3,833	987
Chief executive-mayor	9,160	9,310	8,377	933
City services infrastructure	49,890	50,490	48,313	2,177
City manager	122,850	123,150	111,486	11,664
Elections	14,430	15,030	11,053	3,977
Accounting	97,270	99,295	98,211	1,084
Assessor	170,680	171,355	162,759	8,596
Attorney	109,100	109,400	97,587	11,813
Clerk	145,325	145,925	141,096	4,829
Personnel management	53,075	57,675	56,741	934
Board of review	1,340	2,340	1,813	527
General services	185,365	185,365	179,134	6,231
Treasurer	66,235	68,260	67,542	718
Data processing	82,500	62,500	48,001	14,499
Other property	5,000	5,000	630	4,370
Cemetery	135,650	137,050	134,423	2,627
Storm water management	16,040	42,040	37,781	4,259
Tree management	17,510	17,510	10,248	7,262
Public relations	24,000	25,000	24,477	523
Other	6,350	6,350	42	6,308
Total General Government	1,355,270	1,378,895	1,281,453	97,442
Public Safety:				
Police administration	315,650	317,100	314,320	2,780
Police patrol	599,850	599,850	587,142	12,708
Team police project	23,415	24,000	23,765	235
Fire services	325,537	332,862	331,010	1,852
Building and zoning	180,115	180,790	165,190	15,600
Emergency services	125,679	140,079	138,469	1,610
Total Public Safety	1,570,246	1,594,681	1,559,896	34,785

(Continued on next page)

City of Zeeland, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Public Works:				
Sidewalks	33,480	34,880	31,271	3,609
Highways, streets, and bridges	11,470	13,245	10,567	2,678
Street lighting	28,000	28,000	27,361	639
City clean-up	83,590	83,590	68,083	15,507
MACC transit	56,500	67,000	57,343	9,657
Total Public Works	213,040	226,715	194,625	32,090
Community and Economic Development				
Economic development	22,500	106,000	105,818	182
Planning commission	50,450	51,775	42,776	8,999
Internal planning	5,000	5,000	1,108	3,892
Construction board of appeals	700	1,000	358	642
Zoning board of appeals	5,000	5,900	3,791	2,109
Total Community and Economic Development	83,650	169,675	153,851	15,824
Recreation and Culture:				
Timbertown	5,140	5,140	104	5,036
Parks	197,405	204,905	199,245	5,660
Total Recreation and Culture	202,545	210,045	199,349	10,696
Insurance and Other:				
Liability insurance	43,900	14,000	11,343	2,657
Other	50,000	-	-	-
Total Insurance and Other	93,900	14,000	11,343	2,657
Debt Service:				
Principal	75,000	75,000	75,000	-
Interest	100,994	100,994	100,235	759
Total Debt Service	175,994	175,994	175,235	759
Total Expenditures	3,694,645	3,770,005	3,575,752	194,253
Excess Of Revenues Over (Under) Expenditures	1,473,155	1,483,295	1,748,153	264,858
Other Financing Sources (Uses):				
Transfers in	347,600	347,600	347,600	-
Transfers out	(1,955,000)	(1,995,000)	(1,995,000)	-
Total Other Financing Sources (Uses)	(1,607,400)	(1,647,400)	(1,647,400)	-
Net Change in Fund Balances	(134,245)	(164,105)	100,753	264,858
Fund Balances - July 1	2,231,948	2,231,948	2,231,948	-
Fund Balances - June 30	\$ 2,097,703	\$ 2,067,843	\$ 2,332,701	\$ 264,858

City of Zeeland, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - MAJOR STREET FUND
Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
State grants	148,000	258,000	-	(258,000)
State shared revenues	289,500	289,500	288,907	(593)
Charges for services	1,000	1,000	425	(575)
Interest	5,000	5,000	19,707	14,707
Other	100	100	5,196	5,096
Total Revenues	<u>443,600</u>	<u>553,600</u>	<u>314,235</u>	<u>(239,365)</u>
Expenditures:				
Current:				
Public Works:				
Construction	255,000	390,000	256,936	133,064
Surface maintenance	71,460	72,460	66,558	5,902
Off-surface maintenance	30,460	30,460	26,929	3,531
Storm and drainage	28,490	31,000	30,683	317
Non-motorized facilities	2,000	2,000	-	2,000
Traffic services	63,030	65,530	59,386	6,144
Winter maintenance	85,125	75,125	70,488	4,637
Administration	33,060	33,060	27,984	5,076
Engineering	10,000	10,000	476	9,524
Record keeping	14,180	14,180	13,162	1,018
Total Expenditures	<u>592,805</u>	<u>723,815</u>	<u>552,602</u>	<u>171,213</u>
Excess Of Revenues Over (Under) Expenditures	<u>(149,205)</u>	<u>(170,215)</u>	<u>(238,367)</u>	<u>(68,152)</u>
Other Financing Sources (Uses):				
Transfers in	170,000	170,000	170,000	-
Transfers out	<u>(44,000)</u>	<u>(44,000)</u>	<u>(44,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>126,000</u>	<u>126,000</u>	<u>126,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(23,205)</u>	<u>(44,215)</u>	<u>(112,367)</u>	<u>(68,152)</u>
Fund Balances - July 1	<u>348,134</u>	<u>348,134</u>	<u>348,134</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 324,929</u>	<u>\$ 303,919</u>	<u>\$ 235,767</u>	<u>\$ (68,152)</u>

City of Zeeland, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - LOCAL STREET FUND
Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
				Budget
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
State shared revenues	114,500	114,500	121,768	7,268
Charges for services	1,000	1,000	250	(750)
Interest	5,000	5,000	29,222	24,222
Other	-	-	-	-
Total Revenues	<u>120,500</u>	<u>120,500</u>	<u>151,240</u>	<u>30,740</u>
Expenditures:				
Current:				
Public Works:				
Construction	948,000	924,500	570,786	353,714
Surface maintenance	73,490	73,490	61,379	12,111
Off-surface maintenance	18,460	31,460	27,332	4,128
Storm and drainage	38,290	38,290	28,737	9,553
Traffic services	33,965	40,965	36,160	4,805
Winter maintenance	88,390	89,890	88,048	1,842
Administration	32,850	32,850	27,436	5,414
Engineering	10,000	10,000	2,005	7,995
Record keeping	14,440	14,440	14,163	277
Total Public Expenditures	<u>1,257,885</u>	<u>1,255,885</u>	<u>856,046</u>	<u>399,839</u>
Excess Of Revenues Over (Under) Expenditures	<u>(1,137,385)</u>	<u>(1,135,385)</u>	<u>(704,806)</u>	<u>430,579</u>
Other Financing Sources (Uses):				
Transfers in	1,140,000	1,140,000	1,140,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,140,000</u>	<u>1,140,000</u>	<u>1,140,000</u>	<u>-</u>
Net Change in Fund Balances	2,615	4,615	435,194	430,579
Fund Balances - July 1	<u>177,657</u>	<u>177,657</u>	<u>177,657</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 180,272</u>	<u>\$ 182,272</u>	<u>\$ 612,851</u>	<u>\$ 430,579</u>

City of Zeeland, Michigan
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2007

NOTE - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year end. Non-appropriated budgets are adopted for the capital projects, enterprise, and internal service funds.

In February of each year, all department heads of the city submit requests for appropriations for each activity for which they are responsible to the budget officer so that a budget may be prepared. On or before March 31, the proposed budget is presented to the City Council for review. The City Council holds study sessions and public hearings and a final budget must be prepared and adopted no later than June 30.

In addition to adopting the annual operating budget, the City Council annually reviews and approves the Capital Improvement Program (CIP). The CIP is a six-year plan for capital project expenditures and anticipated revenue sources. Expenditures and revenues for these projects are budgeted in the appropriate fund.

The appropriated budget is prepared by fund, function, department and activity (i.e. treasurer, city hall, police patrol). Expenditures may not legally exceed budget appropriations at the activity level within the fund, department and activity. Department heads may adjust line items within the activity, however, only the City Council has the authority to amend the total activity budget. Transfers of appropriations between activities require approval of the City Council. A transfer of cash from one fund to another requires a vote of not less than five members of the City Council. Appropriated budgets are amended from time to time throughout the course of the fiscal year by supplementary resolutions approved by a majority vote of the City Council.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

B. Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the city incurred no expenditures in budgeted funds which were in excess of the amounts appropriated.

Supplemental Data

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources other than expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Parking System Fund--was established by Ordinance No. 249 as amended by Ordinance No. 307.

CDBG Grant--was established to account for grant revenues and expenditures related to the Gentex infrastructure improvements partially funded with CDBG grant monies.

Brownfield Development Authority Fund--was established to account for administrative revenues and expenditures related to future Brownfield Development Authority tax increment financing projects.

Community Center--was established to account for building rental revenue received from the public for meetings, banquets and other community related events. Monies expended from this fund are used for Community Center purposes.

Library Fund--was established for the purpose of receiving restricted state revenue sharing, library penal fines, etc. Monies expended from this fund must be for authorized library purposes.

Legal Contingency--was established to account for out of the ordinary legal expenditures the city may incur throughout the fiscal year.

Shopping Area Redevelopment Board Fund--was established to account for the economic development activities in the downtown area.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources and payment of principal and interest of: 1) general obligation bonds from governmental resources; 2) Michigan transportation bonds from state shared motor vehicle revenues; and 3) special assessment bonds from special assessment levies backed by the city's governmental commitment.

Michigan Transportation Fund (M.T.F.)--to account for the current payment of principal and interest of 1993 Michigan Transportation Funds Bonds, issued for street improvements and repaid from state shared gas and weight tax revenues.

Building Authority General Obligation Debt--to account for the payment of interest and principal on long-term debt. Its assets are used for the redemption of Building Authority Bonds issued specifically for capital projects financed by the Zeeland Building Authority. In 1998, \$1,400,000 of Building Authority Bonds were issued to finance the additions and improvements to City Hall and the construction of a storage building for the street department.

Library General Obligation Debt--to account for the current payment of principal and interest on 1993 and 1994 unlimited tax general obligation bonds. In 1993, \$2,000,000 of general obligation bonds were issued to finance part of the cost of constructing a library/community center. In 1994, an additional \$400,000 of general obligation bonds were issued for this same purpose.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Improvement Fund—this fund is used to account for the purchase and/or construction of capital facilities budgeted in the current year of the city's 6-Year Capital Improvement Program which are not accounted for by proprietary funds, trust funds, projects financed through special assessments, and street construction/improvements financed by Act 51 funds.

City Park Improvement Fund—this fund accounts for monies set aside for future improvements to all city parks.

Residential Improvement Fund—this fund was set up to accumulate monies for the purpose of purchasing, demolishing and improving substandard residential property.

City of Zeeland, Michigan
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

	Special Revenue Funds							Total
	Parking System	CDBG Grant	Brownfield Development Authority	Community Center	Library	Legal Contingency	Shopping Area Redevelopment Board	
ASSETS								
Cash and investments	\$ 23,939	\$ 92,619	\$ 10,003	\$ 13,018	\$ 125,885	\$ 218,256	\$ 28,343	\$ 512,063
Receivables:								
Accounts	-	10,520	-	-	-	783	-	11,303
Interest	117	396	65	33	467	1,399	181	2,658
Due from other governments	-	102,100	-	-	81,033	-	-	183,133
Prepaid items	182	-	-	11	102	-	-	295
TOTAL ASSETS	\$ 24,238	\$ 205,635	\$ 10,068	\$ 13,062	\$ 207,487	\$ 220,438	\$ 28,524	\$ 709,452
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 3,019	\$ 121,381	\$ -	\$ 1,400	\$ 4,893	\$ -	\$ 395	\$ 131,088
Accrued payroll	235	-	-	615	4,945	-	-	5,795
Total Liabilities	3,254	121,381	-	2,015	9,838	-	395	136,883
Fund Balances:								
Reserved for prepaid items	182	-	-	11	102	-	-	295
Reserved for library	-	-	-	-	66,497	-	-	66,497
Reserved for debt service	-	-	-	-	-	-	-	-
Reserved for perpetual care	-	-	-	-	-	-	-	-
Unreserved	20,802	84,254	10,068	11,036	131,050	220,438	28,129	505,777
Total Fund Balances	20,984	84,254	10,068	11,047	197,649	220,438	28,129	572,569
Total Liabilities and Fund Balances	\$ 24,238	\$ 205,635	\$ 10,068	\$ 13,062	\$ 207,487	\$ 220,438	\$ 28,524	\$ 709,452

Debt Service Funds				Capital Projects Funds				Permanent Fund	Total Nonmajor Governmental Funds
1993 M.T.F. Act 175	1998 Building Authority G.O. Debt	Library Debt	Total	Capital Improvement	City Park Improvement	Residential Improvement	Total	Perpetual Care	
\$ 3,776	\$ 1,992	\$ 78,240	\$ 84,008	\$ 257,752	\$ 105,394	\$ 126,999	\$ 490,145	\$ 960,706	\$ 2,046,922
-	-	-	-	16,000	-	-	16,000	-	27,303
25	13	512	550	1,110	646	790	2,546	6,136	11,890
-	-	-	-	-	-	-	-	-	183,133
-	-	-	-	-	-	-	-	-	295
<u>\$ 3,801</u>	<u>\$ 2,005</u>	<u>\$ 78,752</u>	<u>\$ 84,558</u>	<u>\$ 274,862</u>	<u>\$ 106,040</u>	<u>\$ 127,789</u>	<u>\$ 508,691</u>	<u>\$ 966,842</u>	<u>\$ 2,269,543</u>
\$ -	\$ -	\$ -	\$ -	\$ 91,406	\$ -	\$ -	\$ 91,406	\$ 62,762	\$ 285,256
-	-	-	-	-	-	-	-	-	5,795
-	-	-	-	91,406	-	-	91,406	62,762	291,051
-	-	-	-	-	-	-	-	-	295
-	-	-	-	-	-	-	-	-	66,497
-	-	78,752	78,752	-	-	-	-	-	78,752
-	-	-	-	-	-	-	-	904,080	904,080
3,801	2,005	-	5,806	183,456	106,040	127,789	417,285	-	928,868
<u>3,801</u>	<u>2,005</u>	<u>78,752</u>	<u>84,558</u>	<u>183,456</u>	<u>106,040</u>	<u>127,789</u>	<u>417,285</u>	<u>904,080</u>	<u>1,978,492</u>
<u>\$ 3,801</u>	<u>\$ 2,005</u>	<u>\$ 78,752</u>	<u>\$ 84,558</u>	<u>\$ 274,862</u>	<u>\$ 106,040</u>	<u>\$ 127,789</u>	<u>\$ 508,691</u>	<u>\$ 966,842</u>	<u>\$ 2,269,543</u>

City of Zeeland, Michigan
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	Special Revenue Funds							Total
	Parking System	CDBG Grant	Brownfield Development Authority	Community Center	Library	Legal Contingency	Shopping Area Redevelopment Board	
Revenues:								
Taxes	\$ -	\$ -	\$ 38,219	\$ -	\$ -	\$ -	\$ -	\$ 38,219
Federal grants	-	381,070	-	-	-	-	-	381,070
State grants	-	32,096	-	-	-	-	-	32,096
State shared revenues	-	-	-	-	12,114	-	-	12,114
Local unit contributions	-	-	-	-	280,605	-	-	280,605
Charges for services	-	-	-	-	12,236	-	-	12,236
Fines and forfeitures	2,493	-	-	-	22,526	-	-	25,019
Interest and rent	729	7,883	1,433	31,728	7,199	12,887	1,818	63,677
Other	22,717	21,139	-	51	43,206	-	-	87,113
Total Revenues	25,939	442,188	39,652	31,779	377,886	12,887	1,818	932,149
Expenditures:								
Current:								
General government	-	-	-	-	-	1,789	-	1,789
Public works	165,658	487,734	-	-	-	-	-	653,392
Community and economic development	-	-	30,610	-	-	-	6,537	37,147
Recreation and culture	-	-	-	197,474	602,581	-	-	800,055
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	165,658	487,734	30,610	197,474	602,581	1,789	6,537	1,492,383
Excess of Revenues Over (Under) Expenditures	(139,719)	(45,546)	9,042	(165,695)	(224,695)	11,098	(4,719)	(560,234)
Other Financing Sources (Uses):								
Transfers in	152,000	-	-	165,000	255,000	-	-	572,000
Transfers out	-	(50,000)	-	-	-	-	-	(50,000)
Total Other Financing Sources (Uses)	152,000	(50,000)	-	165,000	255,000	-	-	522,000
Net Change in Fund Balances	12,281	(95,546)	9,042	(695)	30,305	11,098	(4,719)	(38,234)
Fund Balances - July 1	8,703	179,800	1,026	11,742	167,344	209,340	32,848	610,803
Fund Balances - June 30	\$ 20,984	\$ 84,254	\$ 10,068	\$ 11,047	\$ 197,649	\$ 220,438	\$ 28,129	\$ 572,569

Debt Service Funds				Capital Projects Funds				Permanent Fund	Total Nonmajor Governmental Funds
1993 M.T.F. Act 175	1998 Building Authority G.O. Debt	Library Debt	Total	Capital Improvement	City Park Improvement	Residential Improvement	Total	Perpetual Care	
\$ -	\$ -	\$ 156,096	\$ 156,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,315
-	-	-	-	-	-	-	-	-	381,070
-	-	-	-	-	-	-	-	-	32,096
-	-	-	-	-	-	-	-	-	12,114
-	-	-	-	-	-	-	-	-	280,605
-	-	-	-	-	-	-	-	47,250	59,486
-	-	-	-	-	-	-	-	-	25,019
487	248	4,781	5,516	14,058	6,060	7,285	27,403	54,344	150,940
-	-	-	-	359,721	-	-	359,721	-	446,834
<u>487</u>	<u>248</u>	<u>160,877</u>	<u>161,612</u>	<u>373,779</u>	<u>6,060</u>	<u>7,285</u>	<u>387,124</u>	<u>101,594</u>	<u>1,582,479</u>
-	-	-	-	-	-	-	-	26	1,815
-	-	-	-	-	-	-	-	-	653,392
-	-	-	-	-	-	-	-	-	37,147
-	-	-	-	-	-	-	-	-	800,055
-	-	-	-	397,540	-	-	397,540	80,676	478,216
40,000	65,000	145,000	250,000	-	-	-	-	-	250,000
4,500	50,098	41,578	96,176	-	-	-	-	-	96,176
<u>44,500</u>	<u>115,098</u>	<u>186,578</u>	<u>346,176</u>	<u>397,540</u>	<u>-</u>	<u>-</u>	<u>397,540</u>	<u>80,702</u>	<u>2,316,801</u>
<u>(44,013)</u>	<u>(114,850)</u>	<u>(25,701)</u>	<u>(184,564)</u>	<u>(23,761)</u>	<u>6,060</u>	<u>7,285</u>	<u>(10,416)</u>	<u>20,892</u>	<u>(734,322)</u>
44,000	115,000	-	159,000	50,000	-	-	50,000	-	781,000
-	-	-	-	(2,000)	-	-	(2,000)	-	(52,000)
<u>44,000</u>	<u>115,000</u>	<u>-</u>	<u>159,000</u>	<u>48,000</u>	<u>-</u>	<u>-</u>	<u>48,000</u>	<u>-</u>	<u>729,000</u>
(13)	150	(25,701)	(25,564)	24,239	6,060	7,285	37,584	20,892	(5,322)
<u>3,814</u>	<u>1,855</u>	<u>104,453</u>	<u>110,122</u>	<u>159,217</u>	<u>99,980</u>	<u>120,504</u>	<u>379,701</u>	<u>883,188</u>	<u>1,983,814</u>
<u>\$ 3,801</u>	<u>\$ 2,005</u>	<u>\$ 78,752</u>	<u>\$ 84,558</u>	<u>\$ 183,456</u>	<u>\$ 106,040</u>	<u>\$ 127,789</u>	<u>\$ 417,285</u>	<u>\$ 904,080</u>	<u>\$ 1,978,492</u>

City of Zeeland, Michigan
PARKING SYSTEM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
				Budget
Revenues:				
Fines and forfeitures	\$ 3,200	\$ 3,200	\$ 2,493	\$ (707)
Interest and rent	500	500	729	229
Other	<u>21,000</u>	<u>21,000</u>	<u>22,717</u>	<u>1,717</u>
Total Revenues	24,700	24,700	25,939	1,239
Expenditures:				
Current:				
Public works	<u>134,520</u>	<u>184,020</u>	<u>165,658</u>	<u>18,362</u>
Excess of Revenues Over (Under) Expenditures	(109,820)	(159,320)	(139,719)	19,601
Other Financing Sources (Uses):				
Transfers in	<u>110,000</u>	<u>152,000</u>	<u>152,000</u>	<u>-</u>
Net Change in Fund Balances	180	(7,320)	12,281	19,601
Fund Balances - July 1	<u>8,703</u>	<u>8,703</u>	<u>8,703</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 8,883</u>	<u>\$ 1,383</u>	<u>\$ 20,984</u>	<u>\$ 19,601</u>

City of Zeeland, Michigan
CDBG GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
				Budget
Revenues:				
Federal grants	\$ 500,000	\$ 500,000	\$ 381,070	\$ (118,930)
State grants	32,000	32,000	32,096	96
Interest and rent	-	-	7,883	7,883
Other	<u>84,000</u>	<u>84,000</u>	<u>21,139</u>	<u>(62,861)</u>
Total Revenues	616,000	616,000	442,188	(173,812)
Expenditures:				
Current:				
Public works	<u>616,000</u>	<u>616,000</u>	<u>487,734</u>	<u>128,266</u>
Excess of Revenues Over (Under) Expenditures	-	-	(45,546)	(45,546)
Other Financing Sources (Uses):				
Transfers out	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balances	-	(50,000)	(95,546)	(45,546)
Fund Balances - July 1	<u>179,800</u>	<u>179,800</u>	<u>179,800</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 179,800</u>	<u>\$ 129,800</u>	<u>\$ 84,254</u>	<u>\$ (45,546)</u>

City of Zeeland, Michigan
 BROWNFIELD DEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ 25,500	\$ 38,500	\$ 38,219	\$ (281)
Interest and rent	<u>500</u>	<u>500</u>	<u>1,433</u>	<u>933</u>
Total Revenues	26,000	39,000	39,652	652
Expenditures:				
Current:				
Community and economic development	<u>25,500</u>	<u>30,650</u>	<u>30,610</u>	<u>40</u>
Net Change in Fund Balances	500	8,350	9,042	692
Fund Balances - July 1	<u>1,026</u>	<u>1,026</u>	<u>1,026</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 1,526</u>	<u>\$ 9,376</u>	<u>\$ 10,068</u>	<u>\$ 692</u>

City of Zeeland, Michigan
COMMUNITY CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
				Budget
Revenues:				
Interest and rent	\$ 25,500	\$ 25,500	\$ 31,728	\$ 6,228
Other	-	-	51	51
Total Revenues	25,500	25,500	31,779	6,279
Expenditures:				
Current:				
Recreation and culture	189,075	198,175	197,474	701
Excess of Revenues Over (Under) Expenditures	(163,575)	(172,675)	(165,695)	6,980
Other Financing Sources (Uses):				
Transfers in	165,000	165,000	165,000	-
Net Change in Fund Balances	1,425	(7,675)	(695)	6,980
Fund Balances - July 1	11,742	11,742	11,742	-
Fund Balances - June 30	\$ 13,167	\$ 4,067	\$ 11,047	\$ 6,980

City of Zeeland, Michigan
LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
State shared revenues	\$ 10,000	\$ 10,000	\$ 12,114	\$ 2,114
Local unit contributions	236,700	269,700	280,605	10,905
Charges for services	8,000	8,000	12,236	4,236
Fines and forfeitures	18,000	18,000	22,526	4,526
Interest and rent	4,000	4,000	7,199	3,199
Other	8,000	8,000	43,206	35,206
Total Revenues	284,700	317,700	377,886	60,186
Expenditures:				
Current:				
Recreation and culture	598,155	613,155	602,581	10,574
Excess of Revenues Over (Under) Expenditures	(313,455)	(295,455)	(224,695)	70,760
Other Financing Sources (Uses):				
Transfers in	255,000	255,000	255,000	-
Net Change in Fund Balances	(58,455)	(40,455)	30,305	70,760
Fund Balances - July 1	167,344	167,344	167,344	-
Fund Balances - June 30	\$ 108,889	\$ 126,889	\$ 197,649	\$ 70,760

City of Zeeland, Michigan
LEGAL CONTINGENCY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
Interest and rent	\$ 4,500	\$ 4,500	\$ 12,887	\$ 8,387
Expenditures:				
Current:				
General government	<u>-</u>	<u>-</u>	<u>1,789</u>	<u>(1,789)</u>
Net Change in Fund Balances	4,500	4,500	11,098	6,598
Fund Balances - July 1	<u>209,340</u>	<u>209,340</u>	<u>209,340</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 213,840</u>	<u>\$ 213,840</u>	<u>\$ 220,438</u>	<u>\$ 6,598</u>

City of Zeeland, Michigan
SHOPPING AREA REDEVELOPMENT BOARD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
Interest and rent	\$ 500	\$ 500	\$ 1,818	\$ 1,318
Expenditures:				
Current:				
Community and economic development	<u>2,200</u>	<u>6,700</u>	<u>6,537</u>	<u>163</u>
Net Change in Fund Balances	(1,700)	(6,200)	(4,719)	1,481
Fund Balances - July 1	<u>32,848</u>	<u>32,848</u>	<u>32,848</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 31,148</u>	<u>\$ 26,648</u>	<u>\$ 28,129</u>	<u>\$ 1,481</u>

City of Zeeland, Michigan
1993 M.T.F. ACT 175 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
				Budget
Revenues:				
Interest and rent	\$ 100	\$ 100	\$ 487	\$ 387
Expenditures:				
Debt service				
Principal	40,000	40,000	40,000	-
Interest	5,075	5,075	4,500	575
Total Expenditures	45,075	45,075	44,500	575
Excess of Revenues Over (Under) Expenditures	(44,975)	(44,975)	(44,013)	962
Other Financing Sources (Uses):				
Transfers in	44,000	44,000	44,000	-
Net Change in Fund Balances	(975)	(975)	(13)	962
Fund Balances - July 1	3,814	3,814	3,814	-
Fund Balances - June 30	\$ 2,839	\$ 2,839	\$ 3,801	\$ 962

City of Zeeland, Michigan
1998 BUILDING AUTHORITY G.O. DEBT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
				Budget
Revenues:				
Interest and rent	\$ -	\$ -	\$ 248	\$ 248
Expenditures:				
Debt service				
Principal	65,000	65,000	65,000	-
Interest	50,198	50,198	50,098	100
Total Expenditures	115,198	115,198	115,098	100
Excess of Revenues Over (Under) Expenditures	(115,198)	(115,198)	(114,850)	348
Other Financing Sources (Uses):				
Transfers in	115,000	115,000	115,000	-
Net Change in Fund Balances	(198)	(198)	150	348
Fund Balances - July 1	1,855	1,855	1,855	-
Fund Balances - June 30	\$ 1,657	\$ 1,657	\$ 2,005	\$ 348

City of Zeeland, Michigan
LIBRARY DEBT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ 154,500	\$ 154,500	\$ 156,096	\$ 1,596
Interest and rent	5,000	5,000	4,781	(219)
Total Revenues	<u>159,500</u>	<u>159,500</u>	<u>160,877</u>	<u>1,377</u>
Expenditures:				
Debt service				
Principal	145,000	145,000	145,000	-
Interest	<u>42,079</u>	<u>42,079</u>	<u>41,578</u>	<u>501</u>
Total Expenditures	<u>187,079</u>	<u>187,079</u>	<u>186,578</u>	<u>501</u>
Net Change in Fund Balances	(27,579)	(27,579)	(25,701)	1,878
Fund Balances - July 1	<u>104,453</u>	<u>104,453</u>	<u>104,453</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 76,874</u>	<u>\$ 76,874</u>	<u>\$ 78,752</u>	<u>\$ 1,878</u>

Supplemental Data

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Building Maintenance Fund--this fund is used to account for the expense of building operations and maintenance of all city buildings.

Motor Pool Fund--this fund is used to account for the rental of motor vehicles and machinery and equipment to other departments and related costs.

Health Care Self Insurance Fund--this fund is used to account for costs associated for the city's health insurance program. All claims, premiums and administrative expenses are paid from this fund.

City of Zeeland, Michigan
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2007

	<u>Building Maintenance</u>	<u>Motor Pool</u>	<u>Health Care Self-Insurance</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and investments	\$ 81,315	\$ 1,587,392	\$ 1,079,375	\$ 2,748,082
Receivables:				
Accounts	-	-	-	-
Interest	416	8,366	-	8,782
Prepaid items	<u>518</u>	<u>283</u>	<u>-</u>	<u>801</u>
Total Current Assets	<u>82,249</u>	<u>1,596,041</u>	<u>1,079,375</u>	<u>2,757,665</u>
Capital assets:				
Machinery and equipment	-	2,946,743	-	2,946,743
Less accumulated depreciation	<u>-</u>	<u>(1,259,220)</u>	<u>-</u>	<u>(1,259,220)</u>
Total Capital Assets	<u>-</u>	<u>1,687,523</u>	<u>-</u>	<u>1,687,523</u>
Total Assets	<u>82,249</u>	<u>3,283,564</u>	<u>1,079,375</u>	<u>4,445,188</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	16,744	13,600	40,255	70,599
Accrued payroll	<u>2,180</u>	<u>995</u>	<u>-</u>	<u>3,175</u>
Total Current Liabilities	<u>18,924</u>	<u>14,595</u>	<u>40,255</u>	<u>73,774</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	1,687,523	-	1,687,523
Unrestricted	<u>63,325</u>	<u>1,581,446</u>	<u>1,039,120</u>	<u>2,683,891</u>
Total Net Assets	<u>\$ 63,325</u>	<u>\$ 3,268,969</u>	<u>\$ 1,039,120</u>	<u>\$ 4,371,414</u>

City of Zeeland, Michigan
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2007

	<u>Building Maintenance</u>	<u>Motor Pool</u>	<u>Health Care Self-Insurance</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 397,475	\$ 435,502	\$ 1,088,940	\$ 1,921,917
Other revenue	<u>-</u>	<u>10,902</u>	<u>42,078</u>	<u>52,980</u>
Total Operating Revenues	<u>397,475</u>	<u>446,404</u>	<u>1,131,018</u>	<u>1,974,897</u>
Operating Expenses:				
Supplies and other operating expenses	381,249	249,829	845,643	1,476,721
General and administrative	-	-	28,248	28,248
Depreciation	<u>-</u>	<u>193,361</u>	<u>-</u>	<u>193,361</u>
Total Operating Expenses	<u>381,249</u>	<u>443,190</u>	<u>873,891</u>	<u>1,698,330</u>
Operating Income	<u>16,226</u>	<u>3,214</u>	<u>257,127</u>	<u>276,567</u>
Nonoperating Revenues (Expenses)				
Interest earned	4,199	90,596	39,968	134,763
Gain on sale of capital assets	<u>-</u>	<u>29,790</u>	<u>-</u>	<u>29,790</u>
Total Nonoperating Revenues (Expenses)	<u>4,199</u>	<u>120,386</u>	<u>39,968</u>	<u>164,553</u>
Change in Net Assets	20,425	123,600	297,095	441,120
Net Assets - July 1	<u>42,900</u>	<u>3,145,369</u>	<u>742,025</u>	<u>3,930,294</u>
Net Assets - June 30	<u>\$ 63,325</u>	<u>\$ 3,268,969</u>	<u>\$ 1,039,120</u>	<u>\$ 4,371,414</u>

City of Zeeland, Michigan
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2007

	Building Maintenance	Motor Pool	Health Care Self-Insurance	Total
Cash Flows From Operating Activities:				
Payments to suppliers	\$ (281,147)	\$ (186,569)	\$ (873,891)	\$ (1,341,607)
Payments to employees	(100,483)	(57,894)	-	(158,377)
Received from interfund charges	397,475	435,502	1,088,940	1,921,917
Other receipts (payments)	-	10,902	42,543	53,445
Net Cash Provided (Used) By Operating Activities	<u>15,845</u>	<u>201,941</u>	<u>257,592</u>	<u>475,378</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(306,969)	-	(306,969)
Proceeds from sale of capital assets	-	39,605	-	39,605
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>-</u>	<u>(267,364)</u>	<u>-</u>	<u>(267,364)</u>
Cash Flows From Investing Activities:				
Interest received on investments	<u>3,853</u>	<u>89,462</u>	<u>39,968</u>	<u>133,283</u>
Net Increase (Decrease) in Cash and Investments	19,698	24,039	297,560	341,297
Cash and Investments - July 1	<u>61,617</u>	<u>1,563,353</u>	<u>781,815</u>	<u>2,406,785</u>
Cash and Investments - June 30	<u>\$ 81,315</u>	<u>\$ 1,587,392</u>	<u>\$ 1,079,375</u>	<u>\$ 2,748,082</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:				
Operating income	\$ 16,226	\$ 3,214	\$ 257,127	\$ 276,567
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	193,361	-	193,361
Change in assets and liabilities:				
Receivables	-	-	210	210
Prepaid items	(28)	(15)	-	(43)
Accounts payable	(675)	5,420	255	5,000
Accrued and other liabilities	322	(39)	-	283
Net Cash Provided (Used) By Operating Activities	<u>\$ 15,845</u>	<u>\$ 201,941</u>	<u>\$ 257,592</u>	<u>\$ 475,378</u>

Supplemental Data

Agency Funds

Agency funds are used to account for assets held by a government as an agent for individuals, private organizations, other governmental units and/ or other funds.

Trust and Agency Fund--was established to account for customer deposits in connection with the Electric Fund.

Section 125 Benefits Fund--was established to account for a redirection of employee wages for the purpose of allowing the employee pre-tax savings on supplemental insurance, dependent day care and unreimbursed expenses.

Property Tax Collection Fund--was established to account for taxes levied for other taxing jurisdictions and collections paid in advance.

City of Zeeland, Michigan
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2007

	Trust and Agency	Section 125 Benefits	Property Tax Collection	Total
ASSETS				
Cash and investments	<u>\$ 105,946</u>	<u>\$ 1,509</u>	<u>\$ 4,155</u>	<u>\$ 111,610</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,509	\$ -	\$ 1,509
Customer deposits	105,946	-	-	105,946
Due to other governments	<u>-</u>	<u>-</u>	<u>4,155</u>	<u>4,155</u>
 Total Liabilities	 <u>\$ 105,946</u>	 <u>\$ 1,509</u>	 <u>\$ 4,155</u>	 <u>\$ 111,610</u>

City of Zeeland, Michigan
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2007

	<u>Balances</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2007</u>
Trust and Agency Fund:				
ASSETS				
Cash	\$ 93,582	\$ 42,318	\$ 29,954	\$ 105,946
LIABILITIES				
Customer Deposits	\$ 93,582	\$ 42,318	\$ 29,954	\$ 105,946
 Section 125 Benefits Fund:				
ASSETS				
Cash	\$ 2,817	\$ 33,710	\$ 35,018	\$ 1,509
LIABILITIES				
Accounts payable	\$ 2,817	\$ 33,710	\$ 35,018	\$ 1,509
 Property Tax Collection Fund:				
ASSETS				
Cash	\$ 79,489	\$ 23,315,143	\$ 23,390,477	\$ 4,155
LIABILITIES				
Due to other governments	\$ 79,489	\$ 23,315,143	\$ 23,390,477	\$ 4,155
 Total All Agency Funds:				
ASSETS				
Cash	\$ 175,888	\$ 23,391,171	\$ 23,455,449	\$ 111,610
LIABILITIES				
Customer deposits	\$ 93,582	\$ 42,318	\$ 29,954	\$ 105,946
Accounts payable	2,817	33,710	35,018	1,509
Due to other governments	79,489	23,315,143	23,390,477	4,155
 Total Liabilities	\$ 175,888	\$ 23,391,171	\$ 23,455,449	\$ 111,610

STATISTICAL SECTION

This part of the City of Zeeland's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i>	53-60
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property taxes.</i>	61-69
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.</i>	70-78
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.</i>	79-80
Operating Information <i>These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i>	81-85

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Zeeland
NET ASSETS BY COMPONENT
2003¹ Through 2007
(Accrual Basis of Accounting)

Table 1

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Investment in capital assets, net of related debt	\$ 13,494,266	\$ 15,634,224	\$ 16,797,135	\$ 17,811,055	\$ 18,434,067
Restricted	1,047,786	1,103,472	1,205,899	1,019,607	1,049,329
Unrestricted	6,195,770	4,864,250	5,435,110	6,194,063	6,817,771
Total Governmental Activities Net Assets	<u>\$ 20,737,822</u>	<u>\$ 21,601,946</u>	<u>\$ 23,438,144</u>	<u>\$ 25,024,725</u>	<u>\$ 26,301,167</u>
Business-type activities					
Investment in capital assets, net of related debt	\$ 28,276,427	\$ 29,816,664	\$ 31,051,005	\$ 36,715,065	\$ 38,303,589
Restricted	1,824,232	1,649,895	1,649,895	1,567,500	1,567,500
Unrestricted	21,901,828	23,499,945	25,788,061	24,779,492	29,876,049
Total Business-type activities net assets	<u>\$ 52,002,487</u>	<u>\$ 54,966,504</u>	<u>\$ 58,488,961</u>	<u>\$ 63,062,057</u>	<u>\$ 69,747,138</u>
Primary government					
Investment in capital assets, net of related debt	\$ 41,770,693	\$ 45,450,888	\$ 47,848,140	\$ 54,526,120	\$ 56,737,656
Restricted	2,872,018	2,753,367	2,855,794	6,587,107	2,616,829
Unrestricted	28,097,598	28,364,195	31,223,171	30,973,555	36,693,820
Total primary government net assets	<u>\$ 72,740,309</u>	<u>\$ 76,568,450</u>	<u>\$ 81,927,105</u>	<u>\$ 92,086,782</u>	<u>\$ 96,048,305</u>

¹ 2003 Is First Year Available

City of Zeeland
CHANGES IN NET ASSETS
2003¹ Through 2007
(Accrual Basis of Accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 1,167,596	\$ 1,491,032	\$ 1,464,461	\$ 1,551,802	\$ 1,397,008
Public safety	1,425,273	1,569,481	1,596,297	1,566,566	1,590,617
Public works	1,414,933	1,678,934	1,653,600	1,757,575	2,187,110
Community and economic development	87,308	81,503	69,799	87,883	190,998
Recreation and culture	999,616	911,645	979,687	1,156,064	1,119,817
Interest on long-term debt	161,393	132,072	122,436	149,395	190,276
Total governmental activities	<u>5,256,119</u>	<u>5,864,667</u>	<u>5,886,280</u>	<u>6,269,285</u>	<u>6,675,826</u>
Business-type activities					
Electric utility	13,528,626	13,623,753	15,525,207	17,218,625	14,486,594
Water utility	2,568,071	2,639,329	2,611,241	2,622,554	2,689,487
Clean water utility	1,148,079	1,200,559	1,154,119	1,235,589	1,249,739
Total business-type activities	<u>17,244,776</u>	<u>17,463,641</u>	<u>19,290,567</u>	<u>21,076,768</u>	<u>18,425,820</u>
Total primary government expenses	<u>\$ 22,500,895</u>	<u>\$ 23,328,308</u>	<u>\$ 25,176,847</u>	<u>\$ 27,346,053</u>	<u>\$ 25,101,646</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 90,086	\$ 72,949	\$ 135,206	\$ 199,318	\$ 161,359
Public safety	43,351	72,281	172,126	56,026	80,355
Public works	6,715	12,383	24,491	29,458	25,936
Community and economic development	13,900	18,495	19,352	22,150	18,918
Recreation and culture	48,041	57,820	56,750	55,074	65,864
Operating grants and contributions	687,884	688,041	668,186	706,947	747,704
Capital grants and contributions	216,660	101,079	1,153,192	835,413	794,026
Total governmental activities	<u>1,106,637</u>	<u>1,023,048</u>	<u>2,229,303</u>	<u>1,904,386</u>	<u>1,894,162</u>
Business-type activities					
Charges for services:					
Electric utility	15,862,628	15,903,445	17,133,817	20,153,855	18,408,779
Water utility	3,017,125	2,911,415	3,136,499	3,254,846	3,350,163
Clean water utility	1,412,044	1,406,202	1,569,012	1,604,482	1,695,553
Capital grants and contributions	323,117	407,909	530,834	287,971	369,125
Total business-type activities	<u>20,614,914</u>	<u>20,628,971</u>	<u>22,370,162</u>	<u>25,301,154</u>	<u>23,823,620</u>
Total primary government program revenues	<u>\$ 21,721,551</u>	<u>\$ 21,652,019</u>	<u>\$ 24,599,465</u>	<u>\$ 27,205,540</u>	<u>\$ 25,717,782</u>
Net (Expense) Revenue					
Governmental activities	\$ (4,149,482)	\$ (4,841,619)	\$ (3,656,977)	\$ (4,364,899)	\$ (4,781,664)
Business-type activities	<u>3,370,138</u>	<u>3,165,330</u>	<u>3,079,595</u>	<u>4,224,386</u>	<u>5,397,800</u>
Total primary government net (expense) revenue	<u>\$ (779,344)</u>	<u>\$ (1,676,289)</u>	<u>\$ (577,382)</u>	<u>\$ (140,513)</u>	<u>\$ 616,136</u>

(Continued)

Table 2

	Fiscal Year				
	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	\$ 4,123,781	\$ 4,412,908	\$ 4,295,400	\$ 4,387,708	\$ 4,504,467
State shared revenue	745,664	578,090	571,833	563,245	549,155
Investment earnings	192,169	161,918	199,875	278,159	530,023
Gain on sale of capital assets	141,822	79,719	8,450	322,829	29,790
Other	58,322	101,424	27,742	22,249	49,821
Contributions to permanent funds	38,815	29,755	45,875	32,790	47,250
Transfers - internal activities	346,704	341,929	344,000	344,500	347,600
Total governmental activities	<u>5,647,277</u>	<u>5,705,743</u>	<u>5,493,175</u>	<u>5,951,480</u>	<u>6,058,106</u>
Business-type activities					
Investment earnings	550,719	58,342	731,551	589,708	1,504,509
Gain on sale of capital assets	(14,525)	17,871	2,361	43,440	28,614
Other	(176,703)	64,403	52,950	60,062	101,758
Transfers - internal activities	(346,704)	(341,929)	(344,000)	(344,500)	(347,600)
Total business-type activities	<u>12,787</u>	<u>(201,313)</u>	<u>442,862</u>	<u>348,710</u>	<u>1,287,281</u>
Total primary government	<u>\$ 5,660,064</u>	<u>\$ 5,504,430</u>	<u>\$ 5,936,037</u>	<u>\$ 6,300,190</u>	<u>\$ 7,345,387</u>
Changes in Net Assets					
Governmental activities	\$ 1,497,795	\$ 864,124	\$ 1,836,198	\$ 1,586,581	\$ 1,276,442
Business-type activities	3,382,925	2,964,017	3,522,457	4,573,096	6,685,081
Total primary government	<u>\$ 4,880,720</u>	<u>\$ 3,828,141</u>	<u>\$ 5,358,655</u>	<u>\$ 6,159,677</u>	<u>\$ 7,961,523</u>

¹ 2003 Is First Year Available

City of Zeeland
GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 3

Fiscal Year Ended June 30	General Property Tax	Street Millage	Brownfield Development Authority	Debt Service
1998	\$ 2,556,276	\$ -	\$ -	\$ 191,434
1999	2,794,853	421,002 ¹	-	200,683
2000	3,068,152	495,975	-	210,791
2001	3,148,587	510,422	-	192,770
2002	2,968,779	575,150	-	217,216
2003	3,289,293	653,684 ²	-	180,804
2004	4,210,780	-	-	202,128
2005	4,108,392	-	-	187,008
2006	4,175,591	-	21,245 ¹	190,872
2007	4,310,152	-	38,219	156,096

¹ First year of tax

² Last year of tax

City of Zeeland, Michigan
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal			
	1998	1999	2000	2001
General Fund				
Reserved	\$ 9,014	\$ 38,341	\$ 36,871	\$ 24,134
Unreserved	<u>925,436</u>	<u>1,105,298</u>	<u>1,237,073</u>	<u>1,063,686</u>
Total General Fund	<u>\$ 934,450</u>	<u>\$ 1,143,639</u>	<u>\$ 1,273,944</u>	<u>\$ 1,087,820</u>
All Other Governmental Funds				
Reserved	\$ 686,670	\$ 731,606	\$ 835,511	\$ 950,098
Unreserved, reported in:				
Special Revenue Funds	1,170,495	831,322	1,930,743	1,655,573
Debt Service Funds	12,378	6,500	16,375	10,443
Capital Projects Funds	<u>724,787</u>	<u>1,739,205</u>	<u>1,010,106</u>	<u>2,050,111</u>
Total All Other Governmental Funds	<u>\$ 2,594,330</u>	<u>\$ 3,308,633</u>	<u>\$ 3,792,735</u>	<u>\$ 4,666,225</u>

Year					Table 4
2002	2003	2004	2005	2006	2007
\$ 10,360	\$ 15,172	\$ 31,693	\$ 56,239	\$ 4,828	\$ 6,412
<u>1,426,592</u>	<u>1,411,786</u>	<u>1,791,087</u>	<u>1,763,818</u>	<u>2,227,120</u>	<u>2,326,289</u>
<u>\$ 1,436,952</u>	<u>\$ 1,426,958</u>	<u>\$ 1,822,780</u>	<u>\$ 1,820,057</u>	<u>\$ 2,231,948</u>	<u>\$ 2,332,701</u>
\$ 1,042,621	\$ 1,088,710	\$ 1,113,599	\$ 1,205,899	\$ 2,792,140	\$ 1,049,624
1,069,295	1,843,682	897,372	1,311,737	1,102,301	1,354,395
12,459	10,094	3,123	4,993	5,669	5,806
<u>2,114,303</u>	<u>957,505</u>	<u>650,576</u>	<u>447,676</u>	<u>826,006</u>	<u>878,721</u>
<u>\$ 4,238,678</u>	<u>\$ 3,899,991</u>	<u>\$ 2,664,670</u>	<u>\$ 2,970,305</u>	<u>\$ 4,726,116</u>	<u>\$ 3,288,546</u>

City of Zeeland, Michigan
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Revenues				
Taxes	\$ 2,747,710	\$ 3,416,538	\$ 3,774,918	\$ 3,851,779
Special assessments	163,054	64,717	113,196	53,271
Licenses and permits	70,718	79,255	73,155	78,243
Intergovernmental:				
State	1,017,926	1,058,971	1,061,851	1,117,396
Grants	25,633	55,850	310,468	25,000
Local unit contributions	172,597	247,786	181,973	192,452
Charges for services	118,743	146,863	137,912	165,854
Fines and forfeitures	46,144	46,991	52,694	39,820
Interest and rentals	247,138	302,621	336,033	494,985
Reimbursements	-	-	-	-
Private contributions	138,605	49,012	64,708	48,903
Other	48,644	271,435	31,413	48,595
Total Revenues	<u>4,796,912</u>	<u>5,740,039</u>	<u>6,138,321</u>	<u>6,116,298</u>
Expenditures				
General government	816,985	735,180	780,135	809,962
Public safety	734,687	814,516	972,554	998,794
Public works	929,152	2,419,076	1,020,485	2,040,604
Community and economic development	2,310	2,771	2,542	2,670
Recreation and culture	499,918	598,854	567,904	613,941
Insurance and other	452,190	484,359	533,017	608,183
Capital outlay	427,751	1,046,275	1,754,211	336,022
Debt service:				
Principal	365,000	330,000	200,000	220,000
Interest	225,986	175,263	217,659	184,532
Total Expenditures	<u>4,453,979</u>	<u>6,606,294</u>	<u>6,048,507</u>	<u>5,814,708</u>
Excess of Revenues				
Over (Under) Expenditures	<u>342,933</u>	<u>(866,255)</u>	<u>89,814</u>	<u>301,590</u>
Other Financing Sources (Uses)				
Bonds issued	-	1,372,000	-	-
Discount on bonds issued	-	-	-	-
Payment to refunding escrow	-	-	-	-
Proceeds- sale of capital assets	225,000	-	-	-
Transfers in	1,998,106	2,507,501	2,361,593	3,674,368
Transfers out	<u>(1,710,594)</u>	<u>(2,089,754)</u>	<u>(1,837,000)</u>	<u>(3,288,593)</u>
Total Other Financing Sources (Uses)	<u>512,512</u>	<u>1,789,747</u>	<u>524,593</u>	<u>385,775</u>
Net Changes in Fund Balances	<u>\$ 855,445</u>	<u>\$ 923,492</u>	<u>\$ 614,407</u>	<u>\$ 687,365</u>
Debt service as a percentage of noncapital expenditures	14.68%	9.09%	9.73%	7.38%

Table 5					
Year					
2002	2003	2004	2005	2006	2007
\$ 3,761,145	\$ 4,123,781	\$ 4,412,908	\$ 4,295,400	\$ 4,387,708	\$ 4,504,467
27,307	27,788	-	-	-	-
88,145	79,548	103,610	199,632	91,876	114,302
1,101,703	1,151,033	1,021,500	999,132	983,045	973,047
-	6,000	46,416	1,141,804	411,991	413,166
211,748	217,676	222,951	232,226	243,453	280,605
140,267	129,918	132,182	130,967	95,475	121,188
44,679	36,917	56,235	58,076	56,640	58,896
314,451	167,411	164,039	213,725	269,143	480,706
-	217,272	-	-	-	-
27,978	47,882	-	-	-	-
107,165	33,882	154,882	66,349	171,659	493,738
5,824,588	6,239,108	6,314,723	7,337,311	6,710,990	7,440,115
805,859	920,553	1,156,122	1,108,848	1,354,763	1,283,268
1,056,930	1,155,303	1,171,332	1,183,683	1,511,068	1,559,896
2,150,422	1,055,383	2,657,019	2,668,064	2,359,935	2,256,665
7,260	-	72,161	58,759	87,883	190,998
634,223	621,409	644,478	672,212	949,848	999,404
713,773	850,710	867,041	884,035	54,290	11,343
486,934	2,094,069	596,122	433,058	604,110	2,301,547
175,000	185,000	230,000	230,000	240,000	325,000
172,309	163,916	131,195	113,540	104,908	196,411
6,202,710	7,046,343	7,525,470	7,352,199	7,266,805	9,124,532
(378,122)	(807,235)	(1,210,747)	(14,888)	(555,815)	(1,684,417)
-	-	1,648,950	-	2,100,000	-
-	-	-	-	(20,983)	-
-	-	(1,570,431)	-	-	-
-	156,200	-	-	300,000	-
2,221,947	2,055,484	2,626,380	2,593,088	2,114,558	2,438,600
(1,922,240)	(1,753,130)	(2,313,651)	(2,295,288)	(1,770,058)	(2,091,000)
299,707	458,554	391,248	297,800	2,723,517	347,600
\$ (78,415)	\$ (348,681)	\$ (819,499)	\$ 282,912	\$ 2,167,702	\$ (1,336,817)
6.08%	7.05%	5.21%	4.97%	5.18%	7.64%

City of Zeeland, Michigan
STATE EQUALIZED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Ad Valorem Roll
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property			Personal Property		
	Taxable Value	State Equalized Value	Estimated Actual Value	Taxable Value	State Equalized Value	Estimated Actual Value
1998	\$ 128,601,266	\$ 136,441,000	\$ 272,882,000	\$ 44,878,318	\$ 45,103,850	\$ 90,207,700
1999	138,925,187	152,407,600	304,815,200	45,829,000	45,829,000	91,658,000
2000	146,275,373	166,665,000	333,330,000	47,399,000	47,399,000	94,798,000
2001	153,749,163	175,814,200	351,628,400	47,733,900	47,733,900	95,467,800
2002	163,312,393	186,640,200	373,280,400	50,136,800	50,136,800	100,273,600
2003	172,485,944	201,240,400	402,480,800	49,387,300	49,387,300	98,774,600
2004	179,679,963	214,320,600	428,641,200	48,309,000	48,309,000	96,618,000
2005	184,345,185	214,738,800	429,477,600	47,012,900	47,012,900	94,025,800
2006	191,586,140	218,231,500	436,463,000	46,996,300	46,996,300	93,992,600
2007	198,054,275	225,594,000	451,188,000	47,319,800	47,319,800	94,639,600

Source: City of Zeeland

The City is authorized by Charter to levy 15 mills for operations. The maximum allowable millage rate after Headlee Rollback reduction is 14.0390 for 2007.

The City is authorized by vote to levy up to 1 mill for debt. The maximum allowable millage rate after Headlee Rollback rollback is .9912 mills for 2007

Valuations are stated as of the March Board of Review.

Taxable property is assessed initially by the city assessing officials, then equalized by Ottawa County and finally by the State. In accordance with Act 409, P.A. 1965, and Article IX, Section 3 of the Michigan Constitution, State Equalized Value ("SEV") represents 50% of true cash

On March 15, 1994, the people of the State of Michigan approved an amendment to the Michigan Constitution. The Amendment and implementing legislation limit the growth in assessments ("capped value") for each parcel of property to the percentage change in State Equalized Value, the rate of inflation, or 5%, whichever is less. When ownership of the parcel of property is transferred as defined by law, the parcel shall be assessed at the applicable proportion of current true cash value. The lower of the "capped value" or SEV is the Taxable Value of each parcel.

State Equalized Value and Taxable Value do not include any value of tax exempt property or property granted abatement under either Act 198, Michigan Public Acts of 1974, as amended ("Act 198") or Act 255, Michigan Public Acts of 1978, as amended ("Act 255"). Such an abatement entitles a facility to exemption from ad valorem property taxes for a period of up to 12 years. In lieu of the property tax, the facility pays a reduced tax.

Table 6

Total Ad Valorem Taxable Property			Tax Rate Mills	Taxable Value as a Percentage of Actual Value
Taxable Value	State Equalized Value	Estimated Actual Value		
\$ 173,479,584	\$ 181,544,850	\$ 363,089,700	13.8500	47.78%
184,754,187	198,236,600	396,473,200	15.8500	46.60%
193,674,373	214,064,000	428,128,000	15.1000	45.24%
201,483,063	223,548,100	447,096,200	14.8858	45.06%
213,449,193	236,777,000	473,554,000	12.8858	45.07%
221,873,244	250,627,700	501,255,400	12.3852	44.26%
227,988,963	262,629,600	525,259,200	11.3854	43.41%
231,358,085	261,751,700	523,503,400	11.3854	44.19%
238,582,440	265,227,800	530,455,600	11.3854	44.98%
245,374,075	272,913,800	545,827,600	11.3854	44.95%

City of Zeeland, Michigan
STATE EQUALIZED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Industrial Facilities Tax Roll
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property - IFT Roll			Personal Property - IFT Roll		
	Taxable Value	State Equalized Value	Estimated Actual Value	Taxable Value	State Equalized Value	Estimated Actual Value
1998	\$ 44,829,672	\$ 47,310,200	\$ 94,620,400	\$ 58,484,400	\$ 58,484,400	\$ 116,968,800
1999	45,516,287	46,845,200	93,690,400	57,533,700	57,533,700	115,067,400
2000	46,143,533	52,944,700	105,889,400	62,482,300	62,482,300	124,964,600
2001	50,346,581	56,382,800	112,765,600	60,537,400	60,537,400	121,074,800
2002	86,734,539	92,007,700	184,015,400	65,644,300	65,644,300	131,288,600
2003	142,466,841	144,436,700	288,873,400	85,681,300	85,681,300	171,362,600
2004	170,406,913	171,737,400	343,474,800	108,673,800	108,673,800	217,347,600
2005	180,511,200	181,423,000	362,846,000	104,846,900	104,846,900	209,693,800
2006	182,998,137	183,296,500	366,593,000	104,268,900	104,268,900	208,537,800
2007	185,484,800	185,484,800	370,969,600	103,935,000	103,935,000	207,870,000

The city is authorized by Charter to levy 15 mills for operations. The maximum allowable millage rate after Headlee Rollback reduction is 14.0390 for 2007.

The City is authorized by vote to levy up to 1 mill for debt. The maximum allowable millage rate after Headlee Rollback rollback is .9912 mills for 2007.

Valuations are stated as of the March Board of Review.

Taxable property is assessed initially by the city assessing officials, then equalized by Ottawa County and finally by the State. In accordance with Act 409, P.A. 1965, and Article IX, Section 3 of the Michigan Constitution, State Equalized Value ("SEV") represents 50% of true cash value.

On March 15, 1994, the people of the State of Michigan approved an amendment to the Michigan Constitution. The Amendment and implementing legislation limit the growth in assessments ("capped value") for each parcel of property to the percentage change in State Equalized Value, the rate of inflation, or 5%, whichever is less. When ownership of the parcel of property is transferred as defined by law, the parcel shall be assessed at the applicable proportion of current true cash value. The lower of the "capped value" or SEV is the Taxable Value of each parcel.

State Equalized Value and Taxable Value includes only the value of property granted abatement under either Act 198, Michigan Public Acts of 1974, as amended ("Act 198") or Act 255, Michigan Public Acts of 1978, as amended ("Act 255"). Such an abatement entitles a facility to exemption from ad valorem property taxes for a period of up to 12 years. In lieu of the property tax, the facility pays a reduced tax.

Table 7

Total Taxable Property - IFT Roll			Tax Rate Mills	Taxable Value as a Percentage of Actual Value
Taxable Value	State Equalized Value	Estimated Actual Value		
\$ 103,314,072	\$ 105,794,600	\$ 211,589,200	6.9250	48.83%
103,049,987	104,378,900	208,757,800	6.9250	49.36%
108,625,833	115,427,000	230,854,000	7.9250	47.05%
110,883,981	116,920,200	233,840,400	7.5500	47.42%
152,378,839	157,652,000	315,304,000	7.4429	48.33%
228,148,141	230,118,000	460,236,000	6.4429	49.57%
279,080,713	280,411,200	560,822,400	6.1926	49.76%
285,358,100	286,269,900	572,539,800	5.6927	49.84%
287,267,037	287,565,400	575,130,800	5.6927	49.95%
289,419,800	289,419,800	578,839,600	5.6927	50.00%

City of Zeeland, Michigan
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Table 8

Fiscal Year Ended June 30 ¹	CITY					SCHOOL			
		Operating	Streets	Debt	Total	Operating	Debt	State	Total
								Education Tax	
1998	H ²	13.0000	0.0000	0.8500	13.8500	0.9975	5.6300	6.0000	12.6275
1998	NH	13.0000	0.0000	0.8500	13.8500	18.9975	5.6300	6.0000	30.6275
1999	H	13.0000	2.0000	0.8500	15.8500	1.3922	5.6300	6.0000	13.0222
1999	NH	13.0000	2.0000	0.8500	15.8500	19.3922	5.6300	6.0000	31.0222
2000	H	12.2500	2.0000	0.8500	15.1000	1.3936	6.6300	6.0000	14.0236
2000	NH	12.2500	2.0000	0.8500	15.1000	19.3936	6.6300	6.0000	32.0236
2001	H	12.1500	1.9858	0.7500	14.8858	1.3816	6.6300	6.0000	14.0116
2001	NH	12.1500	1.9858	0.7500	14.8858	19.3816	6.6000	6.0000	31.9816
2002	H	10.1500	1.9858	0.7500	12.8858	1.3774	6.6300	6.0000	14.0074
2002	NH	10.1500	1.9858	0.7500	12.8858	19.3774	6.6300	6.0000	32.0074
2003	H	9.8500	1.9852	0.5500	12.3852	1.3665	6.6300	6.0000	13.9965
2003	NH	9.8500	1.9852	0.5500	12.3852	19.3665	6.6300	6.0000	31.9965
2004	H	10.8354	-	0.5500	11.3854	1.3710	6.6300	5.0000	13.0010
2004	NH	10.8354	-	0.5500	11.3854	19.3710	6.6300	5.0000	31.0010
2005	H	10.8854	-	0.5000	11.3854	1.4000	6.6300	6.0000	14.0300
2005	NH	10.8854	-	0.5000	11.3854	19.4000	6.6300	6.0000	32.0300
2006	H	10.8854	-	0.5000	11.3854	1.4000	6.6300	6.0000	14.0300
2006	NH	10.8854	-	0.5000	11.3854	19.4000	6.6300	6.0000	32.0300
2007	H	10.9854	-	0.4000	11.3854	1.4000	6.6300	6.0000	14.0300
2007	NH	10.9854	-	0.4000	11.3854	19.4000	6.6300	6.0000	32.0300

Fiscal Year Ended June 30 ¹		COUNTY	INTERMEDIATE SCHOOL DISTRICT				GRAND TOTAL
		Ottawa County	Intermediate School	Special Education	Vocational Education	Total	
1998	H ²	4.6985	0.1106	2.2727	1.0831	3.4664	34.6424
1998	NH	4.6985	0.1106	2.2727	1.0831	3.4664	52.6424
1999	H	4.4804	0.1104	2.2677	1.0807	3.4588	36.8114
1999	NH	4.4804	0.1104	2.2677	1.0807	3.4588	54.8114
2000	H	4.3812	0.1096	3.1523	1.0734	4.3353	37.8401
2000	NH	4.3812	0.1096	3.1523	1.0734	4.3353	55.8401
2001	H	4.3760	0.1087	3.1265	1.0647	4.2999	37.5733
2001	NH	4.3760	0.1087	3.1265	1.0647	4.2999	55.5433
2002	H	4.2722	0.1087	3.1265	1.0502	4.2854	35.4508
2002	NH	4.2722	0.1087	3.1265	1.0502	4.2854	53.4508
2003	H	4.1672	0.1078	3.1040	1.0570	4.2688	34.8177
2003	NH	4.1672	0.1078	3.1040	1.0570	4.2688	52.8177
2004	H	4.1611	0.1068	3.0762	1.0475	4.2305	32.7780
2004	NH	4.1611	0.1068	3.0762	1.0475	4.2305	50.7780
2005	H	4.2593	0.1065	3.0680	1.0447	4.2192	33.8939
2005	NH	4.2593	0.1065	3.0680	1.0447	4.2192	51.8939
2006	H	4.2579	0.1062	3.0620	1.0427	4.2109	33.8842
2006	NH	4.2579	0.1062	3.0620	1.0427	4.2109	51.8842
2007	H	4.2572	0.1061	3.0609	1.0423	4.2093	33.8819
2007	NH	4.2572	0.1061	3.0609	1.0423	4.2093	51.8819

Source: City of Zeeland

¹ Fiscal year for Ottawa County begins January 1

² H = Homestead Properties

NH = Non-Homestead Properties

The City's millage rate is currently limited to 15 mills for operations.

The maximum allowable millage rate after Headlee Rollback Reduction is 14.0390.

City of Zeeland, Michigan
PROFILE OF TEN LARGEST PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Table 9

<u>Taxpayer</u>	<u>Principal Product or Type of Business</u>	<u>2007</u>			<u>1998</u>		
		<u>Taxable Valuation</u>	<u>Rank</u>	<u>% of Total Taxable Valuation</u>	<u>Taxable Valuation</u>	<u>Rank</u>	<u>% of Total Taxable Valuation</u>
Zeeland Power Co. L.L.C	Power Generation	\$152,966,800	1	28.60%	\$ -	-	-
Gentex Corporation	Automotive and Glass Parts	66,920,997	2	12.51%	16,776,597	3	6.06%
Mead Johnson	Infant Formula	56,444,741	3	10.55%	64,863,442	1	23.43%
Herman Miller, Inc.	Institutional Furniture	21,300,000	4	3.98%	21,661,598	2	7.83%
ITW Drawform	Stamping Operations	11,176,400	5	2.09%	11,059,748	4	4.00%
Innotec Corp	Automotive and Furniture Parts	8,811,112	6	1.65%	-	-	-
ODL Inc	Glass and Skylights	7,563,000	7	1.41%	4,402,042	9	1.59%
Howard Miller Clock Co.	Grandfather and Wall Clocks	5,896,402	8	0.97%	3,788,974	10	1.37%
Plascore, Inc	Structural Honeycomb Products	5,210,744	9	0.97%	5,840,915	7	-
Woodward FST	Airlines/Aerospace Fuel Systems	4,930,840	10	0.92%	-	-	-
Vertellus Chemical	Chemicals	-	-	-	10,103,793	5	3.65%
John Thomas Batts, Inc.	Garment Hangers	-	-	-	7,282,688	6	2.63%
Sealed Power	Automotive Parts	-	-	-	5,314,600	8	1.92%
Ten Largest Taxpayers		341,221,036		63.80%	151,094,397		54.59%
Other Taxpayers		193,572,839		36.20%	125,699,259		45.41%
Total Taxable Value		<u>\$534,793,875</u>		<u>100.00%</u>	<u>\$276,793,656</u>		<u>100.00%</u>

Source: City of Zeeland

Note: Includes ad valorem taxable value and the value of IFT's granted under Act 198.

An Act 198 abatement entitles a facility to a reduced tax for a period up to 12 years.

City of Zeeland, Michigan
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Table 10

Tax Year	Fiscal Year Ended June 30	Tax Levy	Collections to June 30	Percent Collected	Delinquent Tax Collections	Percent of Total Tax Collections Total Levy
1997	1998	\$ 2,730,310	\$ 2,727,180	99.89%	\$ 20,530	100.64%
1998	1999	3,319,686	3,318,273	99.96%	98,265	102.92%
1999	2000	3,743,299	3,740,348	99.92%	34,570	100.84%
2000	2001	3,576,921	3,569,044	99.78%	89,965	102.29%
2001	2002	3,734,589	3,715,258	99.48%	45,887	100.71%
2002	2003	4,228,641	4,159,407	98.36%	(35,626)	97.52%
2003	2004	4,184,440	4,163,708	99.50%	249,200	105.46%
2004	2005	4,258,538	4,257,954	99.99%	37,446	100.87%
2005	2006	4,347,684	4,311,251	99.16%	76,457	100.92%
2006	2007	4,443,254	4,433,551	99.78%	3,605	99.86%

Source: City of Zeeland

Note: Negative Collections result from Tax Tribunal Refunds

City of Zeeland, Michigan
PROFILE OF TEN LARGEST ELECTRIC CUSTOMERS
Current Year and Nine Years Ago

Table 11

Taxpayer	Principal Product or Type of Business	2007			1998		
		KWH	Rank	Percent of Total KWH	KWH	Rank	Percent of Total KWH
Gentex Corporation	Automotive and Glass Parts	54,242,601	1	17.37%	12,992,400	5	5.52%
Mead Johnson	Infant Formula	51,049,427	2	16.35%	43,884,594	1	18.65%
Herman Miller, Inc.	Institutional Furniture	25,987,150	3	8.32%	24,929,147	2	10.59%
ODL Inc.	Glass and Skylights	11,038,960	4	3.53%	10,452,600	6	4.44%
ITW Drawform	Stamping Operations	10,416,600	5	3.34%	9,423,000	7	4.00%
Zeeland Public Schools	Elementary/Secondary Education	10,166,547	6	3.26%	-	-	-
Vertellus Chemicals	Chemicals	9,111,151	7	2.51%	14,149,098	4	6.01%
Plascore, Inc	Structural Honeycomb Products	7,845,491	8	2.51%	-	-	-
Stone Plastics	Plastic Thermoformers	7,579,800	9	2.43%	-	-	-
Innotec Corp	Automotive and Furniture Parts	7,101,900	10	2.27%	-	-	-
John Thomas Batts, Inc.	Garment Hangers	-	-	-	15,915,192	3	6.76%
Howard Miller/Lifetime	Grandfather and Wall Clocks	-	-	-	7,905,600	8	3.36%
Hy-Lift	Automotive Parts Supplier	-	-	-	7,092,000	9	3.01%
Sinter Metals Inc.	Powder Coated Metal Parts	-	-	-	6,465,780	10	2.75%
Ten Largest Customers		194,539,627		62.29%	153,209,411		65.10%
Other Customers		117,753,080		37.71%	82,119,589		34.90%
Total KWH		312,292,707		100.00%	235,329,000		100.00%

Source: City of Zeeland

City of Zeeland, Michigan
ELECTRIC REVENUE AND COLLECTIONS
Last Ten Fiscal Years

Table 12

Fiscal Year Ended June 30	Total Billed	Collections	Percent Collected
1998	\$ 13,051,980	\$ 13,050,320	99.987%
1999	13,840,413	13,839,853	99.996%
2000	13,872,074	13,871,624	99.997%
2001	14,283,965	14,268,665	99.893%
2002	15,145,992	15,145,442	99.996%
2003	15,823,610	15,823,010	99.996%
2004	15,868,080	15,867,080	99.994%
2005	17,093,517	17,091,214	99.987%
2006	20,104,349	20,102,845	99.993%
2007	18,366,973	18,366,573	99.998%

Source: City of Zeeland

City of Zeeland, Michigan
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Years

Year Ended Ended June 30	Governmental Activities			Business-Type Activities		
	General Obligation Bonds	Michigan Transportation Bonds	Special Assessment Bonds	Electric System Bonds	Water System Bonds	Clean Water System Bonds
1998	\$ 2,515,000	\$ 325,000	\$ -	\$ 7,475,000	\$ 6,990,000	\$ 4,180,000
1999	3,750,000	300,000	-	8,620,000	6,770,000	4,000,000
2000	3,575,000	275,000	-	8,150,000	6,535,000	3,655,000
2001	3,385,000	245,000	-	7,645,000	10,585,000	3,305,000
2002	3,240,000	215,000	-	7,115,000	10,225,000	2,935,000
2003	3,085,000	185,000	-	6,555,000	9,880,000	-
2004	2,995,000	150,000	-	5,965,000	9,415,000	-
2005	2,800,000	115,000	-	5,305,000	8,935,000	-
2006	4,695,000	80,000	-	4,935,000	8,490,000	-
2007	4,410,000	40,000	-	4,555,000	7,930,000	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ See the Demographic Statistics at Table 20 for personal income and population data

² See the Operating Indicators by Function at Table 23 for number of utility customers

Table 13

<u>Total Primary Government</u>	<u>Governmental Activities Net Bonded Debt Per Capita¹</u>	<u>Governmental Activities Percentage of Personal Income¹</u>	<u>Business-Type Activities Net Bonded Debt Per Customer²</u>
\$ 21,485,000	\$ 520	0.05%	\$ 2,203
23,440,000	742	0.06%	2,153
22,190,000	706	0.06%	1,937
25,165,000	625	0.05%	2,210
23,730,000	595	0.05%	2,012
19,705,000	563	0.05%	2,082
18,525,000	542	0.04%	1,887
17,155,000	502	0.04%	1,702
18,200,000	823	0.06%	1,598
16,935,000	767	N/A	1,475

City of Zeeland, Michigan
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Table 14

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
1998	\$ 2,515,000	\$ 78,203	\$ 2,436,797	0.42%	\$ 450
1999	3,750,000	43,387	3,706,613	0.61%	684
2000	3,575,000	76,114	3,498,886	0.53%	603
2001	3,385,000	75,671	3,309,329	0.49%	570
2002	3,240,000	106,950	3,133,050	0.40%	540
2003	3,085,000	90,128	2,994,872	0.31%	516
2004	2,995,000	102,364	2,892,636	0.27%	498
2005	2,800,000	104,364	2,695,636	0.25%	464
2006	4,695,000	104,453	4,590,547	0.42%	791
2007	4,410,000	78,752	4,331,248	0.39%	746

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedules of State Equalized Value and Estimated Actual Value of Taxable Property in Tables 6 & 7 for property

² Population data can be found in the Demographic Statistics in Table 20.

City of Zeeland, Michigan
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2007

Table 15

<u>Jurisdiction</u>	<u>Bonds Outstanding</u>	<u>Percentage Applicable to City</u>	<u>City's Share of Debt</u>
DIRECT DEBT: City of Zeeland			
General obligation bonds	\$ 4,410,000	100.00%	\$ 4,410,000
Michigan transportation bonds	40,000	100.00%	<u>40,000</u>
Total Direct Debt			<u>4,450,000</u>
OVERLAPPING DEBT:			
Ottawa County	\$ 21,510,000	2.72%	585,072
Ottawa Intermediate School District	7,140,000	2.39%	170,646
Zeeland Public School District	96,680,000	23.18%	<u>22,410,424</u>
Total Overlapping Debt			<u>23,166,142</u>
Total Direct and Overlapping Debt			<u>\$ 27,616,142</u>

Sources: Direct Debt provided by the City of Zeeland; Overlapping Debt provided by the Municipal Advisory Council of Michigan

City of Zeeland, Michigan
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	Fiscal			
	1998	1999	2000	2001
Debt Limit	\$ 28,592,375	\$ 31,366,360	\$ 33,098,420	\$ 38,120,010
Net General Obligation Debt Subject to Limitation	<u>3,769,037</u>	<u>3,707,938</u>	<u>3,502,776</u>	<u>3,309,329</u>
Legal Debt Margin	<u>\$ 24,823,338</u>	<u>\$ 27,658,422</u>	<u>\$ 29,595,644</u>	<u>\$ 34,810,681</u>
Total net debt applicable to the limit as a percentage of the debt limit	13.18%	11.82%	10.58%	8.68%

Legal Debt Margin Calculation for Fiscal Year 2007

State Equalized Valuation	\$ 562,333,600
Debt Limit - 10% of State Equalized Value	\$ 56,233,360
Debt Outstanding	\$ 16,935,000
Less: Exempt Debt	(12,485,000)
Less: Amount set aside for repayment of General Obligation Debt	<u>(78,752)</u>
Net General Obligation Debt Subject to Limitation	<u>4,371,248</u>
Legal Debt Margin	<u>\$ 51,862,112</u>

Note: State law limits the amount of city general obligation debt to 10% of state equalized value.
State Equalized Valuation of property granted tax abatement under Act 198 is included.

Year					Table 16
2002	2003	2004	2005	2006	2007
\$ 46,868,850	\$ 53,123,060	\$ 54,889,950	\$ 54,931,710	\$ 55,209,540	\$ 56,233,360
<u>3,133,050</u>	<u>2,994,072</u>	<u>2,895,189</u>	<u>2,688,192</u>	<u>4,670,547</u>	<u>4,371,248</u>
<u>\$ 43,735,800</u>	<u>\$ 50,128,988</u>	<u>\$ 51,994,761</u>	<u>\$ 52,243,518</u>	<u>\$ 50,538,993</u>	<u>\$ 51,862,112</u>
6.68%	5.64%	5.27%	4.89%	8.46%	7.77%

City of Zeeland
PLEDGED REVENUE COVERAGE - ELECTRIC UTILITY
Last Ten Fiscal Years

Table 17

Year Ended Ended June 30	Electric Utility Gross Revenue ¹	Less: Operating Expenses ²	Net Available Revenue	Debt Service ³		Coverage
				Principal	Interest	
1998	\$ 13,416,346	\$ 10,389,527	\$ 3,026,819	\$ 395,000	\$ 399,756	3.81
1999	14,235,358	11,000,287	3,235,071	425,000	375,985	4.04
2000	14,406,969	9,825,028	4,581,941	470,000	373,681	5.43
2001	15,108,735	11,103,177	4,005,558	505,000	351,089	4.68
2002	15,772,181	11,524,227	4,247,954	530,000	330,089	4.94
2003	16,328,342	12,235,926	4,092,416	560,000	308,559	4.71
2004	16,206,496	12,374,279	3,832,217	665,000	176,192	4.56
2005	17,965,115	14,276,920	3,688,195	660,000	181,392	4.38
2006	20,672,638	15,976,548	4,696,090	370,000	167,647	8.73
2007	19,571,538	13,041,544	6,529,994	380,000	160,045	12.09

¹ Total revenues include operating revenues, interest, other nonoperating revenues, and capital contributions.

² Total expenses include operating expenses and operating transfers, exclusive of depreciation and interest.

³ Includes principal, interest, and paying agent fees.

City of Zeeland
PLEDGED REVENUE COVERAGE - WATER UTILITY
Last Ten Fiscal Years

Table 18

Year Ended Ended June 30	WaterUtility Gross Revenue ¹	Less: Operating Expenses ²	Net Available Revenue	Debt Service ³		Coverage
				Principal	Interest	
1998	\$ 2,340,650	\$ 1,153,414	\$ 1,187,236	\$ 210,000	\$ 372,415	2.04
1999	2,264,854	1,345,720	919,134	220,000	360,739	1.58
2000	2,394,355	1,509,948	884,407	235,000	348,250	1.52
2001	2,655,265	1,574,846	1,080,419	250,000	321,013	1.89
2002	3,034,104	1,352,201	1,681,903	360,000	566,898	1.81
2003	3,225,744	1,513,949	1,711,795	420,000	502,448	1.86
2004	3,074,877	1,583,390	1,491,487	465,000	467,643	1.60
2005	3,369,382	1,577,604	1,791,778	480,000	445,905	1.94
2006	3,533,748	1,634,120	1,899,628	555,000	342,775	2.12
2007	3,808,290	1,706,299	2,101,991	560,000	354,322	2.30

¹ Total revenues include operating revenues, interest, other nonoperating revenues, and capital contributions.

² Total expenses include operating expenses and operating transfers, exclusive of depreciation and interest.

³ Includes principal, interest, and paying agent fees.

City of Zeeland
PLEDGED REVENUE COVERAGE - CLEAN WATER UTILITY
Last Ten Fiscal Years

Table 19

Year Ended Ended June 30	Sewer Utility Gross Revenue ¹	Less: Operating Expenses ²	Net Available Revenue	Debt Service ³		Coverage
				Principal	Interest	
1998	\$ 1,484,712	\$ 639,118	\$ 845,594	\$ 100,000	\$ 91,186	4.42
1999	1,662,573	725,010	937,563	150,000	183,850	2.81
2000	1,483,392	666,804	816,588	345,000	175,068	1.57
2001	1,918,836	658,452	1,260,384	350,000	159,588	2.47
2002	2,185,903	699,486	1,486,417	370,000	143,114	2.90
2003	1,663,463	742,015	921,448	395,000	117,196	1.80
2004	1,470,789	866,930	603,859	-	-	N/A
2005	1,825,416	834,523	990,893	-	-	N/A
2006	1,787,978	933,808	854,170	-	-	N/A
2007	2,078,673	969,809	1,108,864	-	-	N/A

¹ Total revenues include operating revenues, interest, other nonoperating revenues, and capital contributions.

² Total expenses include operating expenses and operating transfers, exclusive of depreciation and interest.

³ Includes principal, interest, and paying agent fees.

City of Zeeland, Michigan
DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Table 20

Year	Population¹	Personal Income²	Per Capita Personal Income²	Unemployment Rate³
1998	5,417	\$ 6,108,511,000	\$ 26,628	2.4%
1999	5,417	6,408,233,000	27,279	2.4%
2000	5,805	6,677,656,000	27,879	2.7%
2001	5,805	6,763,271,000	27,769	4.1%
2002	5,805	6,868,133,000	27,873	5.4%
2003	5,805	7,134,942,000	28,588	5.9%
2004	5,805	7,539,371,000	29,810	5.5%
2005	5,805	7,845,325,000	30,743	5.0%
2006	5,805	8,162,000,000	31,677	4.9%
2007	5,805	N/A	N/A	5.1%

¹ Source: U.S. Census Bureau

² U.S. Department of Commerce, Bureau of Economic Analysis, Holland-Grand Haven Metropolitan Statistical Area

³ U.S. Department of Labor, Holland-Grand Haven Metropolitan Statistical Area

City of Zeeland, Michigan
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Table 21

<u>Employer</u>	<u>Principal Product/Service</u>	<u>2007</u>			<u>1998</u>	
		<u>Employees</u>	<u>Rank</u>	<u>% of Total</u>	<u>Employees</u>	<u>Rank</u>
Gentex Corporation	Automotive and Glass Parts	2,317	1	19.5%	1,345	2
Herman Miller, Inc.	Institutional Furniture	1,881	2	15.9%	2,450	1
Zeeland Public Schools	Elementary/Secondary Education	682	3	5.8%	515	4
ODL Inc	Glass and Skylights	404	4	3.4%	311	6
Mead Johnson	Infant Formula	353	5	3.0%	-	-
Howard Miller Clock Co.	Grandfather and Wall Clocks	350	6	3.0%	521	3
ITW Drawform	Stamping Operations	289	7	2.4%	264	8
Innotec	Automotive and Furniture Parts	230	8	1.9%	-	-
Woodward FST	Airline/Aerospace Fuel Systems	229	9	1.9%	274	7
Haven Park Christian Nursing Home	Senior Health Care	210	10	1.8%	-	-
Plascore	Structural Honeycomb Products	-	-	-	200	9
John Thomas Batts, Inc.	Garment Hangers	-	-	-	500	5
Total Employees		<u>6,945</u>		<u>58.57%</u>		

Source: City of Zeeland

Total employee information was not available for 1998.

City of Zeeland, Michigan
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Current Year and Prior Year

Table 22

	<u>2006</u>	<u>2007</u>
Function		
General Government		
Administration	1.50	1.50
Clerk	2.50	2.50
Finance/Treasury	3.75	3.75
Assessing	2.50	2.50
Cemetery	3.00	3.00
Custodial	2.50	2.50
Economic Development	-	1.00
Public Safety		
Police	11.75	11.75
Fire	1.50	1.50
EMS/Rescue	1.00	1.00
Building and Zoning	2.00	2.00
Culture and Recreation		
Library	8.00	8.00
Community Center	1.50	1.50
Parks	1.50	1.50
Public Works		
Streets & Motor Pool	6.50	6.50
Electric Utility	22.00	22.00
Water Utility	2.50	2.50
Clean Water Utility	<u>5.75</u>	<u>5.75</u>
Total	<u>79.75</u>	<u>80.75</u>

Source: City of Zeeland

Full-time equivalents for prior years are not available

City of Zeeland, Michigan
OPERATING INDICATORS BY FUNCTION
Last Ten Years

	1998	1999	2000	2001	2002	2003
Function						
General government						
Area - square miles	3	3	3	3	3	3
Population	5,417	5,417	5,805	5,805	5,805	5,805
Number of registered voters	3,934	3,909	3,905	4,054	3,705	3,689
Number of tax bills	N/A	N/A	N/A	N/A	N/A	6,062
Public safety						
Police						
Number of incidents	2,277	3,086	3,290	2,687	3,326	3,460
Physical arrests	889	1,022	1,084	779	737	895
Traffic violations	1,945	903	1,448	785	831	533
Fire						
Number of incidents	125	126	116	133	142	156
Mutual aid agreements ¹	2	2	2	2	2	2
EMS/Rescue						
Number of incidents	334	351	395	376	466	435
Building and zoning						
Number of construction permits	293	295	268	318	270	222
Value of permits	\$ 9,055,202	\$ 19,978,873	\$ 13,481,821	\$ 12,331,486	\$ 5,780,583	\$ 14,345,093
Streets and highways						
Miles reconstructed	2.10	0.20	1.40	1.20	1.30	0.50
Miles resurfaced	-	1.50	0.40	0.60	2.10	0.70
Recreation and culture						
Library circulation	156,043	165,432	173,483	182,279	183,675	189,073
Patron visits	152,009	155,017	N/A	158,101	164,211	183,438
Community center rentals	N/A	N/A	N/A	N/A	N/A	N/A
Community center attendance	N/A	N/A	N/A	N/A	N/A	N/A
Public works						
Parking lots	6	6	6	6	6	6
Cemetery - acres	15	15	15	15	15	15
Electric Utility						
Connections - residential	3,552	3,821	4,030	4,210	4,455	4,600
Connections - commercial/industrial	493	512	520	545	565	645
M.W.H. generated and purchased	249,636	263,916	259,700	267,809	269,928	282,222
M.W.H. sold	235,329	249,708	245,735	252,392	253,253	262,744
Revenues from sales	\$ 13,051,980	\$ 13,840,413	\$ 13,872,074	\$ 14,283,965	\$ 15,145,992	\$ 15,823,610
Water Utility						
Connections - residential	1,901	2,026	2,105	2,135	2,161	2,165
Connections - commercial/industrial	265	264	344	351	362	367
Pumped - million gallons	1,389	1,280	1,296	1,233	1,225	1,401
Sold - million gallons	1,261	1,256	1,213	1,175	1,149	1,370
Revenues from sales	\$ 2,199,382	\$ 2,147,564	\$ 2,271,029	\$ 2,322,452	\$ 2,319,745	\$ 3,006,226
Clean Water Utility						
Connections - residential	2134 ²	2262 ²	2,116	2,164	2,157	2,182
Connections - commercial/industrial	-	-	283	303	295	332
Average daily sewage treatment	1.13	1.15	1.34	1.32	1.30	1.16
Treated effluent - million gallons	434	406	445	491	417	421
Residuals - million gallons	1.87	1.30	1.33	2.29	1.18	1.45
Revenues from sales	\$ 1,330,171	\$ 1,372,392	\$ 1,270,551	\$ 1,479,873	\$ 1,425,537	\$ 1,409,342

Source: City of Zeeland

¹ Mutual Aid Agreements are formalized for Ottawa County and Allegan County. In total, the two agreements extend to 41 separate municipalities.

² Connection include residential/commercial/industrial

Public Safety Statistics are calendar year

Table 23

2004	2005	2006	2007
3	3	3	3
5,805	5,805	5,805	5,805
3,875	3,896	3,896	3,878
6,052	6,092	6,146	6,005
3,002	2,837	3,148	N/A
631	556	507	N/A
807	824	776	N/A
134	110	103	N/A
2	2	2	2
490	475	509	N/A
215	206	209	184
\$ 4,255,569	\$ 47,201,031	\$ 40,099,884	\$ 14,367,868
1.10	0.90	0.90	0.58
0.60	1.20	1.10	-
207,287	239,832	239,278	239,636
194,626	198,347	N/A	178,213
N/A	N/A	N/A	729
N/A	N/A	15,360	18,977
6	6	6	6
15	17	17	17
4,810	4,920	5,030	5,055
660	710	730	760
291,528	307,608	323,825	332,434
273,386	286,370	304,808	312,293
\$ 15,868,080	\$ 17,093,517	\$ 20,104,349	\$ 18,366,973
2,190	2,232	2,252	2,245
370	386	388	407
1,224	1,367	1,386	1,408
1,207	1,299	1,361	1,372
\$ 2,903,300	\$ 3,128,092	\$ 3,245,258	\$ 3,343,128
2,230	2,201	2,203	2,190
329	330	344	353
1.17	1.17	1.21	1.21
427	429	432	442.03
1.28	1.32	1.13	1.22
\$ 1,403,136	\$ 1,548,347	\$ 1,590,235	\$ 1,690,374

City of Zeeland, Michigan
CAPITAL ASSETS STATISTICS BY FUNCTION
Last Ten Years

	1998	1999	2000	2001	2002	2003
Function						
Public Safety						
Police						
Number of Stations	1	1	1	1	1	1
Number of Patrol Vehicles	5	5	5	5	5	5
Fire						
Number of Stations	2	2	2	2	2	2
Number of Fire Fighting Apparatus	5	5	5	5	5	5
Number of K9 Teams	-	-	-	-	-	1
Emergency Medical/Rescue						
Number of Rescue Vehicles	2	2	2	2	2	2
Culture and Recreation						
Library	1	1	1	1	1	1
Community centers	2	2	2	2	2	2
Number of parks	8	8	8	8	8	8
Number of acres in parks	30.2	30.2	30.2	30.2	30.2	30.2
Park pavillions	6	6	6	6	6	6
Playgrounds	4	4	4	4	4	4
Tennis courts	3	3	3	3	3	3
Bike trails - miles	N/A	N/A	N/A	N/A	N/A	N/A
Streets						
Miles of Major streets	10.87	10.87	10.87	10.87	10.87	10.67
Miles of Local streets	19.49	19.49	19.49	19.49	19.49	19.59
Miles of Sidewalks	N/A	N/A	N/A	N/A	N/A	N/A
Traffic signals	6	6	6	6	6	6
Street light accounts	119	119	120	118	118	118
Street garage buildings leased or owned	3	3	3	3	3	3
Storm sewers - miles	14	14	14	14	14	14
Parking Lots						
Owned - square feet	166,700	166,700	166,700	166,700	166,700	166,700
Leased - square feet	71,500	71,500	71,500	71,500	71,500	71,500
Electric Utility						
Number of distribution stations	3	3	4	4	4	4
Miles of service lines						
Overhead	46	48	48	48	47	46
Underground	32	43	47	55	58	63
Water Utility						
Number of Storage Tanks	4	4	4	4	5	5
Miles of Distribution Mains	44	46	46	47	47	47
Number of Fire Hydrants	N/A	N/A	N/A	N/A	N/A	N/A
Clean Water Utility						
Miles of Sanitary Sewer	31	31	31	31	31	31
Major Lift Stations	7	7	7	7	7	7

Source: City of Zeeland

Table 24

2004	2005	2006	2007
1	1	1	1
5	5	5	6
2	2	2	2
5	5	5	5
1	1	1	1
2	2	2	2
1	1	1	2
2	2	2	2
8	8	8	8
30.2	30.5	30.5	30.5
6	6	6	6
4	4	4	4
3	3	3	3
N/A	6.3	6.3	7.5
10.87	10.87	11.17	11.17
19.29	19.49	19.49	19.49
N/A	N/A	23.84	24.16
6	6	6	6
118	120	120	125
3	3	3	2
15.5	15.5	15.5	15.5
166,700	166,700	166,700	166,700
71,500	71,500	71,500	71,500
4	4	4	4
48	45	44	48
66	69	73	79
5	5	5	5
47	48	49	51
N/A	531	540	548
37	37	37	37
7	7	7	7



November 8, 2007

City Council
City of Zeeland, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Zeeland as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Zeeland's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our Responsibilities

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

Definitions Related to Internal Control Deficiencies

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City.

Identified Deficiencies in Internal Control

We consider the following deficiencies to be significant deficiencies in internal control.

Preparation of Financial Statements – While the City staff understands all of the information included in the Annual Financial Report, the City has limited expertise in certain areas and relies on the auditors to assist in the preparation of the financial statements and related footnote disclosures. Because of this lack of internal expertise and because the auditor cannot be part of the City's control environment, there exists a likelihood that a misstatement that is more than inconsequential to the financial statements will not be prevented or detected by the City's internal control. We recommend no changes to this situation at this time and communicate this as required by professional standards.

We believe the following deficiencies constitute material weaknesses.

Auditor Adjustments – Auditor adjustments in amounts material to the financial statements were necessary to 1) record payables for contract retainages payable on certain construction contracts and 2) record the net activity and year end balance of amounts deposited by the BPW with the Michigan Professional Insurance Authority (MPIA). We recommend the City develop procedures to ensure all liabilities for retainages are recorded at year-end. We also recommend the City establish procedures for the timely review of the accounting information and reports received from the MPIA and recording of activity and balances held by the MPIA in the City's accounting records.

This communication is intended solely for the information and use of management, the City Council, and others in the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Kiekover, Scholma & Shumaker, PC

CITY OF ZEELAND, MICHIGAN

SINGLE AUDIT

YEAR ENDED JUNE 30, 2007

KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan

**City of Zeeland, Michigan
SINGLE AUDIT
Year Ended June 30, 2007**

TABLE OF CONTENTS

	Page
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1-2
Report on Compliance with Requirements Applicable to Each Major Program And Internal Control Over Compliance in Accordance with OMB Circular A-133	3-4
Schedule of Expenditures of Federal Awards.....	5-6
Schedule of Findings and Questioned Costs.....	7-8



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

November 8, 2007

City of Zeeland
Zeeland, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Zeeland, Michigan as of and for the year ended June 30, 2007, which collectively comprise the City of Zeeland, Michigan's basic financial statements and have issued our report thereon dated November 8, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Zeeland's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies (2007-1 and 2007-2) described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Zeeland, Michigan's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above as 2007-2, we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Zeeland, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Zeeland, Michigan's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Zeeland, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kiekover, Scholma & Shumaker, PC

Certified Public Accountants



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

November 8, 2007

City of Zeeland
Zeeland, Michigan

Compliance

We have audited the compliance of the City of Zeeland, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City of Zeeland, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Zeeland, Michigan's management. Our responsibility is to express an opinion on the City of Zeeland, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Zeeland, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Zeeland, Michigan's compliance with those requirements.

In our opinion, the City of Zeeland, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City of Zeeland, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Zeeland, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Zeeland, Michigan's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Zeeland, Michigan, as of and for the year ended June 30, 2007, and have issued our report thereon dated November 8, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Zeeland, Michigan's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of the City of Zeeland, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Kiekover, Scholma & Shumaker, PC
Certified Public Accountants

City of Zeeland, Michigan
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

<u>Federal Agency/Pass-Through Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development				
Passed through the Michigan Economic Development Corporation:				
Community Development Block Grants/States Program				
Gentex Corporation Infrastructure Project	14.228	MSC 200070-EDIG	\$ 1,879,200	\$ 156,761
Plascore, Inc. Infrastructure Project	14.228	MSC 205014-EDIG	465,000	<u>404,129</u>
Total U.S. Department of Housing and Urban Development				<u>560,890</u>
Total Expenditures of Federal Awards				<u>\$ 560,890</u>

BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards utilizes the same basis of accounting as the fund-basis financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

City of Zeeland, Michigan
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

A - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued

Unqualified on financial statements

Internal controls over financial reporting:

Material weakness(es) identified?

 X yes no

Significant deficiency(ies) identified not
considered to be material weaknesses?

 X yes none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal controls over major programs:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified not
considered to be material weaknesses?

 yes X none reported

Type of auditor's report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133,
Section 510(a)?

 yes X no

Identification of Major Programs

CFDA Number(s)

Name of Federal Program

14.228

Community Development Block Grants / States Program

Dollar threshold used to distinguish
between Type A and Type B programs:

 \$ 300,000

Auditee qualified as low-risk auditee?

 yes X no

City of Zeeland, Michigan
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

B. Financial Statement Findings

2007-1 Considered a significant deficiency

Condition: Currently the City requests assistance from its external auditors with the preparation of its annual financial statements and related footnotes.

Criteria: Statement on Auditing Standards #112 (*Communicating Internal Control Related Matters Identified in an Audit*), issued in May 2006, requires us to communicate in writing when a client requires assistance to prepare the financial statements and related footnotes required in the annual financial statements in accordance with U.S. generally accepted accounting principles.

Cause and Effect: Management of the City does understand the information included in the annual financial statements. However, assistance of the external auditor was utilized in preparing the financial statements and related footnotes. Utilization of its external auditor in preparing the financial statements and related footnotes assists management with the external financial reporting responsibility, to ensure the City's financial statements are accurate.

Recommendation: We recommend no changes to this situation, and communicate this information as required by professional standards. The current process meets the definition of a material weakness as defined in Statement of Auditing Standards #112.

Management Response: The City is aware of this deficiency and concurs with the recommendation. The City will continue to utilize the external auditor to assist in the preparation of the annual financial statements and related footnotes. The City believes it is not cost beneficial to prepare its annual financial statements and related footnotes without auditor assistance and that this assistance provides for the preparation of accurate and complete annual financial statements and related footnotes.

2007-2 Considered a material weakness

Condition: The City's auditors proposed and the City accepted audit adjustments to 1) record liabilities for construction contract retainages payable and 2) record the net activity and year-end balances of amounts deposited in a non-risk sharing insurance pool.

Criteria: Internal controls should be in place that provide reasonable assurance that all liabilities for construction retainages payable are identified and recorded and that the activity and balances of deposits to the non-risk sharing insurance pool are properly reflected in the City's accounting records.

Cause and Effect: Failure to establish the proper controls and procedures resulted in an understatement of the liability for construction contract retainages payable and an understatement of the deposits in the non-risk sharing insurance pool.

Recommendation: We recommend the City develop procedure to ensure all construction contract retainages payable are identified and recorded. We also recommend the City establish procedures for the review of the accounting information and reports received from the non-risk sharing insurance pool, and that such activity be properly recorded in the City's accounting records.

Management Response: The City is in agreement with the above recommendations and will implement procedures for the proper recoding of construction contracts retainages payable and the activity and balances of deposits in the non-risk sharing insurance pool.

City of Zeeland
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

C. Federal Award Findings and Questioned Costs

None

D. Status of Prior Year Findings and Questioned Costs

None